SUPREME COURT
THIRD DIVISION

ALLIANCE OF DEMOCRATIC FREE LABOR ORGANIZATION (ADFLO),
***Petitioner*,**

-versus-

G.R. No. 108625
March 11, 1996

UNDERSECRETARY OF LABOR BIENVENIDO LAGUESMA and CONFEDERATION OF LABOR AND ALLIED SOCIAL SERVICES (CLASS),
***Respondents*.**
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D E C I S I O N

PANGANIBAN, *J.*:

In the instant case, this Court upholds petitioner's right to due process, the most basic tenet of which is the right to be heard.

This is a petition for certiorari and prohibition under Rule 65 of the Rules of Court to review and set aside the Decision[1] of Respondent Undersecretary of Labor Bienvenido Laguesma, dated October 16,

1992, in Case No. OS-A 12-289-89 cancelling the registration of the Alliance of Democratic Free Labor organization (ADFLO) as a legitimate labor federation; and the Order[2] dated November 18, 1992 denying the motion for reconsideration.

By a Resolution dated October 25, 1995, the First Division of this Court transferred the above case, along with several others, to the Third. Deliberating on the Petition, and the Comments by the Solicitor General[3] and the private respondent, this Court, on February 12, 1996, gave due course to the Petition and considered the case submitted for resolution without requiring the parties to submit memoranda. Thereafter, after due consultation and discussing, the case was assigned to undersigned ponente for the writing of this Decision.

The Facts

The facts of this case, as set out in the Comment of the Solicitor General filed on June 4, 1993 are not disputed by the private respondent in its own Comment filed on July 29, 1993. They are substantially the same as those stated in the Petition. Narrates the Solicitor General:[4]

> "1. The factual antecedents of this controversy are as follows:
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> 'On 02 March 1988, the Alliance of Democratic Free Labor Organization (ADFLO) filed an application for registration as a national federation alleging, among others that it has twelve (12) affiliates, namely:
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> A. Affiliate independent unions:
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> 1. Tolly's Employees Association 220 Brgy. Mapulang Lupa, Valenzuela, Metro Manila
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> 2. Healthknit Garments Workers Association, 2110 Bolinao St., Sta. Cruz, Manila

3. Malayang Manggagawa sa United Asia Weaving and Trimming Manufacturing Corporation, Macopa Road, Malabon, Metro Manila

4. Fireprint Inc. Employee Association, 187 General Mascardo St., Bagong Barrio, Caloocan City

5. Batangas Lumber Labor Union, Calicantio, Batangas City

6. Clover Manufacturing Corporation, 23-3 Pilaran Cpd., Quezon City

7. Pacific Mills Workers Free labor Union, 108 Balintawak, Quezon City

8. Ronimart Employees Labor Union Balibago, Sta. Rosa, Laguna

9. Kapisanan ng mga Manggagawa sa Place Canteen, UST Cpd., UST, Espana, Manila

10. Samahan ng mga Kawani at Manggagawa sa A.V. Tantuco, Bagong Ilog, Pasig, Metro Manila

B. Direct Affiliates

1. VICMAR Theater, Inc., ADFLO Chapter, Batangas City

2. Ricman Enterprises, ADFLO Chapter, Batangas City

After proper evaluation of its application and finding ADFLO to have complied with the requirements for registration pursuant to Articles 234 and 237 of the Labor Code, the Bureau (of Labor Relations) issued on 22 March

1988 a Certificate of Registration No. 11399-FED-LC to the federation.

On 15 February 1989, the Confederation of labor and Allied Social Services (CLASS) filed a petition for the cancellation of the Registration Certificate issued to ADFLO.

Finding the petition to be in order, the Bureau furnished ADFLO a copy of said petition and directed the latter to file an answer/comment thereon. The Bureau also directed CLASS-TUCP to substantiate its allegations in the petition.

On 11 April 1989, instead of filing an answer, ADFLO moved to dismiss the petition. It alleged that the petition contains merely general allegations that are vague; that petitioner has no cause of action because if failed to substantiate its accusations; that the petition was filed by CLASS-TUCP for the purpose of harassing the respondent in connection with the certification election case pending at Allen Arthur, Inc., wherein CLASS is the bargaining representative and ADFLO is one of the contending parties; that ADFLO's financial statement will only become due at the end of April, 1989; and, that the report on the compliance with the requirements on labor education will likewise become due only on (sic) April, 1989.

Petitioner CLASS-TUCP, in its Memorandum dated 26 July 1989, alleged that the documents submitted by ADFLO were simulated. Among the documents are: the minutes of the organizational meetings, list of delegates to the meeting, list of locals/affiliates, the Constitution and By-laws, collective bargaining and the resolution of affiliation of the local unions. In this respect, it pointed out that a visit to the places it pointed out that a visit to the places of operation of the enumerated establishments whose workers are alleged members of unions affiliated with ADFLO with an interview of their respective local

officers revealed that the said local officers have never attended nor participated in the ADFLO's organization meeting held on 6 December 1987 at Sampaloc, Manila; that said officers have never participated in the discussion and ratification of ADFLO's Constitution and By-laws and in the election of its national officers.

Petitioner CLASS-TUCP, further averred that the nine (9) resolutions of affiliation all dated 6 December 1987 do not bear the signatures of the members of the Board of Directors and have not been ratified by the general membership of each of the nine (9) unions as required by Article IV, Section 3 of the Constitution and by-laws of ADFLO.

On 07 August 1989, ADFLO was summoned to a conference by the Bureau. In said conference, the Bureau disclosed the seriousness of the charges against ADFLO that may warrant the cancellation of its certificate of registration.

On 15 August 1989, a hearing was conducted and both parties were duly represented. ADFLO manifested that it would move to inhibit the Director of Labor Relations from taking further action over the present petition. It further manifested that it would file its comment to the earlier memorandum filed by CLASS. CLASS, for it part, requested that it be given five (5) days within which to file its objection against the motion to inhibit the Bureau Director.

On 25 August 1989, ADFLO filed its answer, averring that it had complied with all the legal requirements for registration including the affiliation of more than 10 local unions; that it did not commit any fraud or misrepresentation in its application for registration; that it conducted itself as a legitimate labor organization and that the cancellation of its registration certificate which was secured in good faith will violate the Constitutional

right of the workers to organize and will deprive the membership of their rights granted by law.

On even date, ADFLO filed a Motion to Inhibit the Bureau Director from hearing and deciding the case on the ground that the Director prejudged the instant petition when he she verbally declared that the federation obtained its certificate of registration through fraud and misrepresentation; that the recommendation to hold in abeyance the election at Allen Arthur, Inc., was based only on her unilateral of a prima facie case; that she has shown personal interest in this petition when made personal calls to all locals and affiliates without notice to the respondent, ADFLO' (Resolution of Secretary of Labor Ruben Torres, dated 21 February; records, Vol. I, pp. 431-435).

2. On November 16, 1990, the Bureau of Labor Relations (BLR), through Director Pura Ferrer-Calleja, rendered a Decision cancelling the registration of ADFLO (Id., pp. 383-394). ADFLO appealed the Decision to the Secretary of Labor Ruben Torres, who, on February 21, 1990, issued a Resolution, the decretal portion of which reads:

'WHEREFORE, premises considered the appeal is hereby granted and the Decision of the Director, Bureau of Labor Relations, set aside. Conformably, a new order is entered remanding the case to the Bureau for further proceedings.

Let, therefore, the entire records of the case be immediately forwarded to the Bureau of labor relations for implementation of this Order.

SO ORDERED' (Ibid, p. 431; Emphasis supplied).

3. Private respondent Confederation of Labor and Allied Social Services (CLASS-TUCP) moved for a reconsideration thereof, which was denied for lack of merit in the Order dated May 23, 1990 (Id., p. 54).

4. CLASS then filed a Petition for Certiorari with the Supreme Court, which, on November 5, 1990, was dismissed for lack of merit (Id., p. 563).

5. The first hearing conducted by the BLR after the case was remanded to it for further proceedings was held on October 7, 1991. However, since CLASS was not yet ready with its evidence, the hearing was and CLASS was given a period of ten (10) days to submit its exhibits while ADFLO was given a period of ten (10) days from receipt of copies of the evidence presented within which to comment thereon (Id., p. 566).

6. On October 16, 1991, CLASS filed its Formal Offer of evidence consisting of Exhibits "A" — "R", in support of its allegation that ADFLO committed frauds, misrepresentation and forgeries in the submission of the requirements relative to its registration as a legitimate federation (Id., pp. 625-630).

7. On November 27, 1991, ADFLO filed an Objection to Admission of Exhibits based on the grounds that the exhibits were not marked nor identified by any witness during the hearing of the case where ADFLO had been properly notified (Id., pp. 658-659).

8. In the meantime, at the hearing of the case scheduled on November 27, 1991, CLASS failed to appear and only ADFLO's president Antonio Cedilla appeared. Unaware that an objection had already filed by ADFLO's counsel, Cedilla manifested that ADFLO will file its answer to CLASS' offer of evidence within thirty (30) days or up to December 27, 1991 (Id., p. 658).

9. Subsequently, however, counsel for CLASS was permitted to write on the minutes of the aforesaid hearing its objection to the "request for extension." invoking its right to a speedy trials of the case and praying that the case be deemed submitted for resolution on the basis of its evidence. (Id., p. 647)

10. On February 12, 1992, BLR Director Pura Ferrer-Calleja, without first ruling on the admissibility of the exhibits of CLASS

and without any further hearing, rendered an order, the dispositive portion of which reads as follows:

> 'WHEREFORE, premises considered, judgment is hereby rendered affirming the decision of this Bureau, entered on 16 November 1989 cancelling the registration of Federation Alliance of Democratic Free Labor organization (ADFLO).
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> SO ORDERED' (Id., p. 657).

11. On February 27, 1992, ADFLO filed its Motion for reconsideration of said Decision dated February 12, 1992 (Id., pp. 670-671) which was treated as an appeal, hence, the records of the case were sent to the Secretary of Labor. On October 16, 1992, public respondent Undersecretary of Labor Bienvenido E. Laguesma rendered the assailed Decision, adjudicating the case in this wise:

> 'WHEREFORE, respondent's appeal is hereby DENIED for lack of merit and the questioned order dated February 12, 1992 is hereby affirmed, subject to the correction aforestated and the requirements set forth in the ultimate paragraph of this Decision.
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> All existing affiliates of respondents (sic) ADFLO shall be notified of this Decision, through the Bureau of Labor Relations.
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> SO DECIDED' (Id., p. 358).

12. On November 6, 1992, ADFLO moved to reconsider such decision on the ground that ADFLO was denied the right to a hearing in violation of its right to due process of law, and that the Order dated November 16, 1989 of the BLR could no longer be 'reinstated' because it was annulled and set aside by virtue of the Resolution of the Secretary of Labor dated February 21, 1990, which ruling had been affirmed by the Supreme Court (Petition, p. 6).

13. On November 18, 1992, Undersecretary Laguesma issued an Order denying ADFLO's Motion for reconsideration (Id., pp. 364-365).

14. Hence, ADFLO appealed to the Secretary of Labor. However, instead of forwarding the records to the Secretary, public respondent Undersecretary Laguesma endorsed the records to the Officer-in-Charge of the BLR 'for (your) information and guidance' (Id., Vol. III p. 111).

15. On December 14, 1992, ADFLO filed a Motion to Resolve the case but since more than thirty (30) days had passed since then, and the Secretary of Labor failed to act on its appeal, it was constrained to resort to the filing of the instant Petition for Certiorari and Prohibition before this Honorable Court."

The Issues

The main issues presented by petitioner[5] are the following:

(1) Was the decision cancelling the registration of petitioner rendered in violation of the due process clause? and

(2) Is the decision supported by substantial evidence?

The First Issue: Due Process

As prayed for by the Solicitor general, we grant the Petition.

While, in general, administrative agencies exercising quasi-judicial powers, like the Department of Labor and Employment, are free from the rigidity of certain procedural requirements, they are nonetheless bound by law and practice to observe the fundamental and essential requirements of due process in justiciable cases presented before them.[6]

These essential requirements of due process were laid down in the landmark case of Ang Tibay vs. Court of Industrial Relations, et al.,[7] as follows:

"The fact, however, that the Court of Industrial Relations may be said to be free from the rigidity of certain procedural requirements does not mean that it can, in justiciable cases coming before it, entirely ignore or disregard the fundamental and essential requirements of due process in trials and investigations of an administrative character. There are cardinal primary rights which must be respected even in proceedings of this character:

(1) The first of these rights is the right to a hearing, which includes the right of the party interested or affected to present his own case and submit evidence in support thereof. In the language of Chief Justice Hughes, in Morgan vs. U.S., 304 U.S. 1, 58 S. Ct. 773, 999, 82 Law. ed. 1129, 'the liberty and property of the citizen shall be protected by the rudimentary requirements of fair play.'

(2) Not only must the party be given an opportunity to present his case and to adduce evidence tending to establish the rights which he asserts by the tribunal must consider the evidence presented. In the language of this Court in Edwards vs. McCoy, 22 Phil., 598, 'the right to adduce evidence, without the corresponding duty on the part of the board to consider it, is vain. Such right is conspicuously futile if the person or persons to whom the evidence is presented can trust it aside without notice or consideration.'

(3) 'While the duty to deliberate does not impose the obligation to decide right, it does imply a necessity which cannot be disregarded, namely, that of having something to support its decision. A decision with absolutely nothing to support it is a nullity, a place when directly attached." (Edwards vs. McCoy, supra.)

(4) Not only must there be some evidence to support a finding or conclusion (City of Manila vs. Agustin, G.R. No. 45844, promulgated November 29, 1937, XXXVI

> O.G. 1335), but the evidence must be 'substantial.' 'Substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as a adequate to support a conclusion.' . . . But this assurance of a desirable flexibility in administrative procedure does not go so far as to justify orders without a basis in evidence having rational probative force. Mere uncorroborated hearsay or rumor does not constitute substantial evidence. (Consolidated Edison Co. vs. National Labor Relations Board, 59 S. ct. 206, 83 Law. ed. No. 4, Adv. Op., p. 131)
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> (5) The decision must be rendered on the evidence presented at the hearing, or at least contained in the record and disclosed to the parties affected. . . Only by confining the administrative tribunal to the evidence disclosed to the parties, can the latter be protected in their right to know and meet the case against them.
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> (6) The Court of Industrial Relations or any of its judges, therefore, must act on its or his own independent consideration of the law and facts of the controversy, and not simply accept the views of a subordinate in arriving at a decision.
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> (7) The Court of Industrial Relations should, in all controversial questions, render its decision in such a manner that the parties to the proceeding can know the various issues involved, and the reasons for the decisions rendered. The performance of this duty is inseparable from the authority conferred upon it."

The most basic tenet of due process is the right to be heard, and as applied in administrative proceedings, an opportunity to explain one's side.[8] Such opportunity was denied petitioner in this case.

The public respondent and his subaltern, the Director of the Bureau of Labor Relations, should have learned their lessons when the

latter's resolution dated November 16, 1989 cancelling petitioner's registration due precisely to absence of due process was reversed by the then Secretary of Labor whose decision was, in effect, affirmed by this Court. However, instead of taking a lesson due process, said director — this time abetted by public respondent — violated again the same fundamental principle.

After petitioner submitted its objections to the administration of the documentary evidence of CLASS, the BLR director should have first ruled on their admissibility. However, without ruling on said offer and without setting the case for reception of petitioner's evidence, the said official proceeded to render judgment affirming its earlier (but already ruled as improper) decision to cancel the registration of ADFLO. This is a gross violation of petitioner's right to due process.

Under Section 1, Article II of our Constitution, "(n)o person shall be deprived of life, liberty or property without due process of law," and under Article 238 of the Labor Code,"(t)he certificate of registration of any legitimate labor organization, whether national or local, shall be canceled by the Bureau if it has reason to believe, after due hearing, that the said labor organization no longer meets one or more of the requirements herein prescribed." (Emphasis supplied)

The cancellation of a certificate of registration is the equivalent of snuffing out the life of a labor organization. For without such registration, it loses — as a rule — its rights under the Labor Code. Under the circumstances, petitioner was indisputably entitled to be heard before a judgment could be rendered cancelling its certificate of registration. In David vs. Aguilizan,[9] it was held that a decision rendered without any hearing is null and void.

The Second Issue: Substantial Basis

There is yet another reason why this petition should be granted. It will be noted that the Director of the Bureau of Labor Relations never made any ruling on whether the exhibits submitted by CLASS were admissible in evidence. That being so, the said exhibits cannot be made use of in deciding the case. And, in the absence of this evidence, there is nothing in the record to support the assailed decision.

Therefore, the latter must necessarily fall for lack of substantial basis. " A decision with absolutely nothing to support it is a nullity."[10]

So too, the assailed Decision of Undersecretary Laguesma requiring the existing affiliates of ADFLO "to register either independently in accordance with Article 234, Title IV, Book V of the Labor Code or affiliate with other existing duly-registered federations or national union" within 30 days from receipt of said Decision is totally unwarranted inasmuch as said affiliates are not parties in the instant case.

WHEREFORE, the Petition is **GRANTED**; the Decision dated October 16, 1992 and Order dated November 18 1992 of public respondent are **SET ASIDE** and **REVERSED**. The present case is hereby **REMANDED** to the Bureau of Labor Relations for further proceedings with the specific caveat to observe due process as mandated by the Constitution and the Labor Code.

SO ORDERED

Narvasa, *C.J.*, Davide, Jr., Melo, Francisco, *JJ.*, concur.

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[1] Rollo, pp. 62-68.
[2] Rollo, pp. 69-71.
[3] The Solicitor General filed his Comment praying for the grant of the petition. In spite of this, however, the public respondent did not take any initiative to file its own separate comment. Almost three (3) years have lapsed since then; thus, public respondent is deemed to have waived its right to file its separate comment or any other pleading.
[4] Comment of the Solicitor General, pp. 2-9; Rollo, pp. 111-118.
[5] Petition, p. 1; rollo, p. 2.
[6] Bautista vs. Secretary of labor and Employment, et al., 196 SCRA 470 (April 30, 1991), citing Adamson & Adamson, Inc. vs. Amores, 152 SCRA 237.
[7] 69 Phil. 635, at pp. 641-644 (February 27, 1940).
[8] Jaculina vs. National Police Commission, et al., 200 SCRA 489, 494 (August 12, 1991), citing Var-Orient Shipping Co., Inc. vs. Achacoso, 161 SCRA 732, 736 (May 31, 1988). Please see also Bermejo vs. Barrios, 31 SCRA 764 (February 27, 1970); Tajonera vs. Lamaroza, 110 SCRA 438 (December 19, 1981); Gas Corporation of the Phils. vs. Hon. Inciong, 93 SCRA 653 (October 23, 1979); Cebu Institute of Technology vs. Minister of Labor, 113 SCRA 257

(March 29, 1982); Dormitorio vs. Fernandez, 72 SCRA 388 (August 21, 1976).

[9] 94 SCRA 707, 713-714 (December 14, 1979).

[10] And Tibay vs. Court of Industrial Relations, supra., at p. 642.