SUPREME COURT
EN BANC

ANG TIBAY, represented by TORIBIO TEODORO, manager and proprietor, and NATIONAL WORKERS' BROTHERHOOD,
***Petitioners*,**

-versus-

G.R. No. 46496
February 27, 1940

THE COURT OF INDUSTRIAL RELATIONS and NATIONAL LABOR UNION, INC.,
***Respondents*.**
x----------x

D E C I S I O N

LAUREL, *J.*:

The Solicitor-General in behalf of the respondent Court of Industrial Relations in the above-entitled case has filed a motion for reconsideration and moves that, for the reasons stated in his motion, we reconsider the following legal conclusions of the majority opinion of this Court:

> "1. Que un contrato de trabajo, asi individual como colectivo, sin termino fijo de duracion o que no sea para una

determinada, termina o bien por voluntad de cualquiera de las partes o cada vez que llega el plazo fijado para el pago de los salarios segun costumbre en la localidad o cuando se termine la obra;

"2. Que los obreros de una empresa fabril, que han celebrado contrato, ya individual ya colectivamente, con ella, sin tiempo fijo, y que se han visto obligados a cesar en sus trabajos por haberse declarado paro forzoso en la fabrica en la cual trabajan, dejan de ser empleados u obreros de la misma;

"3. Que un patrono o sociedad que ha celebrado un contrato colectivo de trabajo con sus obreros sin tiempo fijo de duracion y sin ser para una obra determinada y que se niega a readmitir a dichos obreros que cesaron como consecuencia de un paro forzoso, no es culpable de practica injusta ni incurre en la sancion penal del articulo 5 de la Ley No. 213 del Commonwealth, aunque su negativa a readmitir se deba a que dichos obreros pertenecen a un determinado organismo obrero, puesto que tales ya han dejado de ser empleados suyos por terminacion del contrato en virtud del paro."

The respondent National Labor Union, Inc., on the other hand, prays for the vacation of the judgment rendered by the majority of this Court and the remanding of the case to the Court of Industrial Relations for a new trial, and avers:

"1. That Toribio Teodoro's claim that on September 26,1938, there was shortage of leather soles in ANG TIBAY making it necessary for him to temporarily lay off the members of the National Labor Union Inc., is entirely false and unsupported by the records of the Bureau of Customs and the Books of Accounts of native dealers in leather.

"2. That the supposed lack of leather materials claimed by Toribio Teodoro was but a scheme adopted to systematically discharge all the members of the National Labor Union, Inc., from work.

"3. That Toribio Teodoro's letter to the Philippine Army dated September 29, 1938, (re supposed delay of leather soles from the States) was but a scheme to systematically prevent the forfeiture of this bond despite the breach of his CONTRACT with the Philippine Army.

"4. That the National Workers' Brotherhood of ANG TIBAY is a company or employer union dominated by Toribio Teodoro, the existence and functions of which are illegal. (281 U. S., 548, petitioner's printed memorandum, p. 25.)

"5. That in the exercise by the laborers of their rights to collective bargaining, majority rule and elective representation are highly essential and indispensable. (Sections 2 and 5, Commonwealth Act No. 213.)

"6. That the century provisions of the Civil Code which had been (the) principal source of dissensions and continuous civil war in Spain cannot and should not be made applicable in interpreting and applying the salutary provisions of a modern labor legislation of American origin where industrial peace has always been the rule.

"7. That the employer Toribio Teodoro was guilty of unfair labor practice for discriminating against the National Labor Union, Inc., and unjustly favoring the National Workers' Brotherhood.

"8. That the exhibits hereto attached are so inaccessible to the respondents that even with the exercise of due diligence they could not be expected to have obtained them and offered as evidence in the Court of Industrial Relations.

"9. That the attached documents and exhibits are of such far-reaching importance and effect that their admission would necessarily mean the modification and reversal of the judgment rendered herein."

The petitioner, Ang Tibay, has filed an opposition both to the motion for reconsideration of the respondent Court of Industrial Relations and to the motion for new trial of the respondent National Labor Union, Inc.

In view of the conclusion reached by us and to be herein- after stated with reference to the motion for a new trial of the respondent National Labor Union, Inc., we are of the opinion that it is not necessary to pass upon the motion for reconsideration of the Solicitor-General. We shall proceed to dispose of the motion for new trial of the respondent labor union. Before doing this, however, we deem it necessary, in the interest of orderly procedure in cases of this nature, to make several observations regarding the nature of the powers of the Court of Industrial Relations and emphasize certain guiding principles which should be observed in the trial of cases brought before it. We have re-examined the entire record of the proceedings had before the Court of Industrial Relations in this case, and we have found no substantial evidence to indicate that the exclusion of the 89 laborers here was due to their union affiliation or activity. The whole transcript taken contains what transpired during the hearing and is more of a record of contradictory and conflicting statements of opposing counsel, with sporadic conclusion drawn to suit their own views. It is evident that these statements and expressions of views of counsel have no evidentiary value.

The Court of Industrial Relations is a special court whose functions are specifically stated in the law of its creation (Commonwealth Act No. 103). It is more an administrative board than a part of the integrated judicial system of the nation. It is not intended to be a mere receptive organ of the Government. Unlike a court of justice which is essentially passive, acting only when its jurisdiction is invoked and deciding only cases that are presented to it by the parties litigant, the function of the Court of Industrial Relations, as will appear from perusal of its organic law, is more active, affirmative and dynamic. It not only exercises judicial or quasijudicial functions in the determination of disputes between employers and employees but its functions are far more comprehensive and extensive. It has jurisdiction over the entire Philippines, to consider, investigate, decide, and settle any question, matter controversy or dispute arising between, and/or affecting, employers and employees or laborers, and

landlords and tenants or farm-laborers, and regulate the relations between them, subject to, and in accordance with, the provisions of Commonwealth Act No. 103 (section 1). It shall take cognizance for purposes of prevention, arbitration, decision and settlement, of any industrial or agricultural dispute causing or likely to cause a strike or lockout, arising from differences as regards wageshares or compensation, hours of labor or conditions of tenancy or employment, between employers and employees or laborers and between landlords and tenants or farm-laborers, provided that the number of employees, laborers or tenants or farm-laborers involved exceeds thirty, and such industrial or agricultural dispute is submitted to the Court by the Secretary of Labor or by any or both of the parties to the controversy and certified by the Secretary of Labor as existing and proper to be death with by the Court for the sake of public interest. (Section A, ibid.) It shall, before hearing the dispute and in the course of such hearing, endeavor to reconcile the parties and induce them to settle the dispute by amicable agreement. (Paragraph 2, section 4, ibid.) When directed by the President of the Philippines, it shall investigate and study all pertinent facts related to the industry concerned or to the industries established in a designated locality, with a view to determining the necessity and fairness of fixing and adopting for such industry or locality a minimum wage or share of laborers or tenants, or a maximum "canon" or rental to be paid by the "inquilinos" or tenants or lessees to landowners. (Section 5, ibid.) In fine, it may appeal to voluntary arbitration in the settlement of industrial disputes; may employ mediation or conciliation for that purpose, or recur to the more effective system of official investigation and compulsory arbitration in order to determine specific controversies between labor and capital in industry and in agriculture. There is in reality here a mingling of executive and judicial functions, which is a departure from the rigid doctrine of the separation of governmental powers.

In the case of Goseco vs. Court of Industrial Relations et al., G. R. No. 46673, promulgated September 13, 1939, we had occasion to point out that the Court of Industrial Relations is not narrowly constrained by technical rules of procedure, and the Act requires it to "act according to justice and equity and substantial merits of the case, without regard to technicalities or legal forms and shall not be bound by any technical rules of legal evidence but may inform its mind in

such manner as it may deem just and equitable." (Section 20, Commonwealth Act No. 103.) It shall not be restricted to the specific relief claimed or demands made by the parties to the industrial or agricultural dispute, but may include in the award, order or decision any matter or determination which may be deemed necessary or expedient for the purpose of settling the dispute or of preventing further industrial or agricultural disputes. (Section 13, ibid.) And in the light of this legislative policy, appeals to this Court have been especially regulated by the rules recently promulgated by this Court to carry into effect the avowed legislative purpose. 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 but the tribunal must consider the evidence presented. (Chief Justice Hughes in Morgan vs. U. S. 298 U. S. 468, 56 S. Ct. 906, 80 Law. ed. 1288.) 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 thrust 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.) This principle emanates from the more fundamental principle that the genius of constitutional government is contrary to the vesting of unlimited power anywhere. Law is both a grant and a limitation upon power.

(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." (Washington, Virginia & Maryland Coach Co. vs. National Labor Relations Board, 301 U. S. 142, 147, 57 S. Ct. 648, 650, 81 Law ed 965.) Substantial evidence is more than a mere scintilla It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion."

(Appalachian Electric Power vs. National Labor Relations Board, 4 Cir., 93 F. 2d 985, 989; National Labor Relations Board vs. Thompson Products, 6 Cir., 97 F. 2d 13, 15; Ballston-stillwater Knitting Co. vs. National Labor Relations Board, 2 Cir., 98 F. 2d 758, 760.). The statute provides that 'the rules of evidence prevailing in courts of law and equity shall not be controlling.' The obvious purpose of this and similar provisions is to free administrative boards from the compulsion of technical rules so that the mere admission of matter which would be deemed incompetent in judicial proceedings would not invalidate the administrative order. (Interstate Commerce Commission vs. Baird, 194 U. S. 25, 44, 24 S. Ct. 563, 568, 48 Law. ed. 860; Interstate Commerce Commission vs. Louisville & Nashville R. Co., 227 U. S. 88, 93, 33 S. Ct. 185, 187, 57 Law. ed. 431; United States vs. Abilene & Southern Ry. Co., 265 U. S. 274, 288, 44 S. Ct. 565, 569, 68 Law. ed. 420; Tagg Bros. & Moorhead vs. United States, 280 U. S. 420, 442, 50 S. Ct. 220, 225, 74 Law. ed. 624.) 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.)"

(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. (Interstate Commence Commission vs. L. & N. R. Co., 227 U. S. 88, 33 S. Ct. 185, 57 Law. ed. 431.)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. It should not, however, detract from their duty actively to see that the law is enforced, and for that purpose, to use the authorized legal methods of securing evidence and informing itself of facts material and relevant to the controversy. Boards of inquiry may be appointed for the purpose of investigating and determining the facts in any given case, but their report and decision are only advisory. (Section 9, Commonwealth Act No. 103.) The Court of Industrial Relations may refer any industrial or agricultural dispute of any matter under its consideration or advisement to a local board of inquiry, a provincial fiscal, a justice of the peace or any public official in any part of the Philippines for investigation, report and recommendation, and may delegate to such board or public official such powers and functions as the said Court of Industrial Relations may deem necessary, but such delegation shall not affect the exercise of the Court itself of any of its powers. (Section 10, ibid.)

(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. It may be that the volume of work is such that it is literally impossible for the titular heads of the Court of Industrial Relations personally to decide all controversies coming before them. In the United States the difficulty is

solved with the enactment of statutory authority authorizing examiners or other subordinates to render final decision, with right to appeal to board or commission, but in our case there is no such statutory authority.

(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 vario issues involved, and the reasons for the decisions rendered. The performance of this duty is inseparable from the authority conferred upon it.

In the light of the foregoing fundamental principles, it is sufficient to observe here that, except as to the alleged agreement between the Ang Tibay and the National Workers' Brotherhood (appendix A), the record is barren and does not satisfy the thirst for a factual basis upon which to predicate, in a rational way, a conclusion of law.

This result, however, does not now preclude the concession of a new trial prayed for by the respondent National Labor Union, Inc. In the portion of the petition hereinabove quoted of the National Labor Union, Inc., it is alleged that "the supposed lack of leather material claimed by Toribio Teodoro was but a scheme adopted to systematically discharge all the members of the National Labor Union, Inc., from work" and this averment is desired to be proved by the petitioner with the "records of the Bureau of Customs and the Books of Accounts of native dealers in leather"; that "the National Workers' Brotherhood Union of Ang Tibay is a company or employer union dominated by Toribio Teodoro, the existence and functions of which are illegal." Petitioner further alleges under oath that the exhibits attached to the petition to prove his substantial averments "are so inaccessible to the respondents that even with the exercise of due diligence they could not be expected to have obtained them and offered as evidence in the Court of Industrial Relations", and that the documents attached to the petition "are of such far reaching importance and effect that their admission would necessarily mean the modification and reversal of the judgment rendered therein." We have considered the reply of Ang Tibay and its arguments against the petition. By and large, after considerable discussion, we have come to the conclusion that the interest of justice would be better served if the

movant is given opportunity to present at the hearing the documents referred to in his motion and such other evidence as may be relevant to the main issue involved. The legislation which created the Court of Industrial Relations and under which it acts is new. The failure to grasp the fundamental issue involved is not entirely attributable to the parties adversely affected by the result. Accordingly, the motion for a new trial should be, and the same is hereby granted, and the entire record of this case shall be remanded to the Court of Industrial Relations, with instruction that it reopen the case, receive all such evidence as may be relevant, and otherwise proceed in accordance with the requirements set forth hereinabove.

So ordered.

Avanceña, *C.J.*, Villa-Real, Imperial, Diaz, Concepcion and Moran, *JJ.*, concur.