ADMINISTRATIVE LAW

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Changes in our social and economic organization engendered by the exigencies of modern civilization have necessitated the expansion of the scope of government regulation over the varying phases of our economic activities. Thus, during the last decade and a half, we have seen the inevitable increase of regulative agencies and the consequent development of administrative justice in our midst. These administrative agencies, exercising quasi-judicial functions, adjudicate controversies between private individuals or entities or between the latter and the government, which function belongs traditionally to the courts,— "a substitution," in the words of Justice Stone, "made necessary, not by want of an applicable law, but because the ever-expanding activities of government in the dealing with the complexities of modern life had made indispensable the adoption of procedures more expeditious and better guided by specialized experience than any which the courts had provided."[1]

The legal system under which these administrative agencies function is characterized by three fundamental traits, namely: (1) the combination of investigating and adjudication functions in the same agency; (2) the entrusting of the agency with the exclusive fact finding power; and, (3) judicial review.[2] The third trait, judicial review, is a safeguard against illegal and arbitrary action by these agencies. From the herein survey of the cases decided by the Supreme Court of the Philippines, one may have a bird's eye view of the scope of some of the legal powers of certain administrative agencies of the Philippine Government and how the highest Court of the land, in the exercise of its power to review administrative adjudications, interpreted and delimited such powers.

I. RULE MAKING POWER

Central Bank of the Philippines

The rule making power of administrative agencies which was discussed in *People v. Jollife*[3] was again reiterated in *People v. Lim Ho*[4] which involved the validity of Circulars Nos. 20, 21, 42 and 55 of the Central Bank. As in the *Jollife case*, the defendants contended that said circulars had not been approved by the President pursuant to section 74 of R.A. No. 265, by the International Monetary Fund of which the Republic of the Philippines is a signatory, and by the President of the United States pursuant to Article V of the Trade and Related Matters Agreement entered into between the Philippines and the United States in 1946. The Court held that Circular No. 20 was approved by the President of the Philippines and, therefore, the approval of the other circulars was not necessary because they are just implementations of Circular No. 20. Regarding the necessity of approval by the International Monetary Fund and the President of the United States, the Court ruled, citing *People*

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[1] "The Common Law in the United States", (1936) 50 Harvard Law Review 4, 16.
[2] Gellhorn, "Administrative Law", p. 27.
[3] G.R. No. L-9553, May 13, 1960.
[4] G.R. Nos. L-12091 and L-12092, Jan. 28, 1960.

v. Koh[5] that since the Central Bank and the President have certified that Circular No. 20 accords with the international agreements, it is presumed that said officials know whereof they spoke, and that they performed their duties properly.

The defendants further assailed the legality of the circulars on the ground that the grant of authority to the Central Bank to issue the same constitutes an undue delegation of legislative power. Citing the Jollife case, the Court said that it is one thing to delegate the power to determine what the law shall be, and another thing to delegate the authority to fix the details in the execution or enforcement of a policy. Sections 2, 70 and 74 of R.A. No. 265 contain standards which are sufficiently concrete and definite to vest in the delegated authority the character of administrative details in the enforcement of the law and to place the grant of said authority beyond the category of a delegation of legislative powers.

In *People v. Tan*,[6] where the validity of Circular No. 20 of the Central Bank was also assailed, the cases of *People v. Jollife* and *People v. Koh, supra*, were cited to uphold the validity of said circular.

Commissioner of Customs

In *Commissioner of Customs v. Service Investment Company*,[7] the Collector of Customs ordered the seizure of 5 cases of ham inspected by and consigned to the respondent company as the merchandise were not covered by a consular invoice and release certificate issued by the Central Bank. The Collector of Customs rendered a decision ordering the forfeiture of the merchandise in favor of the government. The appellant contended that the importation may not be forfeited under Circular No. 44 because it does not expressly provide for the penalty of forfeiture. The Supreme Court held that since the importations in question were made without the necessary import license issued by the Monetary Board pursuant to Circular No. 45 and the release certificate issued by the Central Bank pursuant to Circular No. 44, they fall within the class 'merchandise', the importation of which is effected contrary to law that the Commissioner of Customs may seize and order forfeited under section 1363(f) of the Revised Administrative Code.

This ruling was reiterated in *CTA v. Commissioner of Customs*.[8]

Commission on Elections

In line with its duty to enforce and administer all laws relative to the conduct of elections and to insure free, orderly and honest elections, the Commission on Elections may take appropriate measures in order that the proper parties may avail of the benefits granted by the Constitution and the Revised Election Code.[9] Thus spoke the Supreme Court in *Salcedo v. Commission on Elections*,[10] in upholding the validity of the rules and regulations of the Commission promulgated on August 18, 1959, which according to the Court were passed for the purpose of implementing sections 163 and 168 of the Revised Election Code and in order to prevent fraudulent proclamations that otherwise would give rise to protracted and costly election protests.

[5] G.R. No. L-12047, May 29, 1960.
[6] G.R. No. L-9275, Aug. 31, 1960.
[7] G.R. No. L-12007, May 16, 1960.
[8] G.R. No. L-10508, Nov. 29, 1960.
[9] Lacson v. Commission, G.R. No. L-16261, Dec. 28, 1959.
[10] G.R. No. L-16835, July 26, 1960.

Public Service Commission

In *Velasco v. Manila Electric Company*,[11] the PSC imposed a fine of ₱200 on the electric company for having violated its franchise by constructing an electric sub-station in violation of C.A. No. 146. Section 21 of this Act imposes as penalty for such violation a fine of not exceeding ₱200 everyday during which such violation continues. Velasco appealed contending that the fine was 'ridiculously negligible' considering the financial position of the offender. The Supreme Court sustained the power of the Commissioner to enforce its directives and punish violators of the law by public services, but it increased the fine to ₱1,000 expressing disapproval of nominal or inadequate fines that will serve no purpose except to make a mockery of government regulations.

Secretary of Agriculture and Natural Resources

It is a fundamental principle that the regulations or rules issued by an administrative officer to implement a law cannot go beyond the terms and provisions of the latter. This was the ruling in *People v. Lim*,[12] in which the Secretary of Agriculture and Natural Resources promulgated under the authority of Sections 3 and 4 of Act 4003, regulations prohibiting all kinds of trawl to operate in certain designated areas. The appellant contended that said order is void because the prohibition in Act 4003 was for any single period of time not exceeding 5 years, while the regulation fixes no period. It was held by the Supreme Court that in case of discrepancy, the basic Act prevails. If the regulations were intended for all time, it would be inoperative in so far as it exceeds the five year period, but it does not follow that it is wholly void.

Secretary of Finance

The Secretary of Finance has the authority to amend or revoke any revenue regulations issued by him. This was the ruling in *Ollada v. Secretary*[13] in which the Court held that the authority to print amplified records for sale to the public given by the Secretary of Finance under a regulation issued by him does not confer upon the licensee any exclusive, irrevocable or vested property rights.

II. JURISDICTION

Court of Industrial Relations

The Supreme Court has held in several cases that the jurisdiction of the CIR is confined to the following: (1) when a labor dispute affects an industry indispensable to the national interest and is certified by the President of the Philippines to it; (2) when the controversy refers to minimum wage under R.A. No. 602; (3) when the controversy involves the hours of employment under C.A. No. 444; and (4) when it involves an unfair labor practice falling under section 5(a), R.A. No. 875.[14]

In *PRISCO v. CIR*,[15] the respondent union filed a petition with the CIR praying that PRISCO be ordered to pay overtime pay to its employees who had worked as security guards of the petitioner. The issue was whether the CIR has jurisdiction over the present claim. The Court ruled that the underlying principle with regards to money claims of laborers or employees against their

[11] G.R. No. L-14035, May 31, 1960.
[12] G.R. No. L-14432, July 26, 1960.
[13] G.R. No. L-15397, Oct. 31, 1960.
[14] PAFLU v. Tan, 52 O.G. 5836.
[15] G.R. No. L-13806, May 25, 1960.

employers is where an employer-employee relationship is still existing, or is sought to be re-established because of its wrongful severance, the CIR has jurisdiction over all claims arising out of, or in connection with employment, such as those related to the Minimum Wage Law, and the 8-Hour Labor Law. After the termination of the relationship and no reinstatement is sought, such claims become merely money claims, and come within the jurisdiction of the ordinary courts.

The principle in *PRISCO v. CIR* was also applied in the cases of *Board of Liquidators v. CIR*,[16] *Sta. Cecilia Sawmill Company v. CIR*,[17] *Sampaguita Pictures v. CIR*,[18] *Ajax v. Seguritan*.[19]

The Supreme Court in *NDC v. CIR*,[20] ruled that it was not necessary to establish the elements required to confer jurisdiction in the CIR because the petition merely asked for the enforcement of an award. The enforcement of an award is not a mere money claim for jurisdictional purposes. For jurisdictional purposes, a mere money claim by a laborer, whether in the company's employ or not, is a demand for the payment of a sum of money, in the form of overtime pay etc., which still is to be presented before a court and which still would necessitate an award.

Our labor legislation from C.A. No. 103 creating the CIR, down through the 8-Hour Labor Law was intended by the Legislature to apply only to industrial employment and to govern the relations of employees engaged in industry and occupation for the purpose of profit and gain, and their industrial employees, but not to organizations which are operated for elevated and lofty purposes such as charity, social service, education and instruction, hospital and medical services, the encouragement and promotion of character, patriotism, and kindred virtues in the youth of the nation.[21] This ruling was reiterated in *La Consolacion College v. CIR*,[22] and *University of the Philippines v. CIR*.[23]

In the *Philippine Surety v. Jacala, et al.*[24] the petitioners executed two performance bonds in favor of the Republic of the Philippines to guarantee the construction of two bridges by the respondent construction company. S. Jacala and 34 other laborers of the contractor sued the surety and the officers of the contractor for unpaid wages and separation pay. It is argued that actions upon performance bonds shall be brought either by the government or the persons who furnished labor or construction materials, but in the name of the government in the CFI of the district in which the said construction is to be executed. The Supreme Court held that the provisions of Act No. 3688 relative to the place where actions on performance bond should be brought regulate venue, which is procedural, not a jurisdictional matter. In cases of inconsistency, the provisions of Act No. 3688 must be deemed repealed by C.A. No. 163, insofar as the settlement of "all questions, matters, controversies or disputes arising between and/or affecting employers and employees".[25] The provisions of the Act that the actions upon said bonds must be brought either by the government or by those who supplied labor or materials, suing in the name of the government, merely affect the cause of action, not the jurisdiction to hear

[16] G.R. No. L-15485, May 25, 1960.
[17] G.R. Nos. L-14254 and 14255, May 27, 1960.
[18] G.R. No. L-16404. October 25, 1960.
[19] G.R. No. L-16038, Oct. 25, 1960.
[20] G.R. No. L-14258, July 26, 1960.
[21] Boy Scouts v. Aranas, G.R. No. L-10091, Jan. 29, 1960.
[22] G.R. No. L-13282, April 22, 1960
[23] G.R. No. L-15416, April 28, 1960.
[24] G.R. No. L-12760, May 25, 1960.
[25] Section 3, C.A. No. 103.

the case and render a valid decision. A decision rendered in favor of the laborers who failed to comply with such provisions, would, at best, be erroneous, but once final, it would conclusively establish their right to the remedy granted.

In *PLASLU v. Bago Medellin Milling Company*,[26] the Supreme Court reiterated the rule in *Acoje Mines Employees v. Acoje Labor Union*.[27] that the duty of the CIR to render a certification election if a petition to that effect is filed and the 10% requirement is complied with is not mandatory for it admits of exceptions, namely: (1) when a certification election had occurred within one year; (2) when there is an un-expired bargaining agreement not exceeding two years; and (3) where there is formal charge of company domination of one of the labor unions intending to participate in the election.

Under the provisions of sec. 10 of R.A. 875, the CIR is authorized to exercise the broad powers and jurisdiction granted to it by CA 103. If the CIR is granted authority to find a solution in an industrial dispute and such solution consists in the ordering of employees to return to work, it cannot be contended that the CIR does not have the power or jurisdiction to carry that solution into effect.[28] The Supreme Court held in *Hind Sugar Co. v. CIR*[29] that under sec. 10 of R.A. 875, the CIR is empowered, when a strike is referred to it by the President of the Philippines, to issue an order fixing the terms and conditions of employment. The CIR therefore, may, as a solution to a strike, order the reinstatement of workers on strike or not, and whether permanent or seasonal, as a condition for the settlement of the strike.

Court of Appeals

Under section 5(c) of the National Internal Revenue Code, after the lapse of 3 years from the date when the income tax returns are due or have been filed, the Collector of Internal Revenue may no longer proceed to collect income tax by summary method. Pursuant to this rule, the Supreme Court, in *Collector v. Compania General de Tabacos de Filipinas*,[30] upheld the action of the CTA in issuing the writ of preliminary injunction against the Collector of Internal Revenue.

The Court in the same case ruled that the CTA did not err in not ordering the company to file a bond before issuing the relief of injunction for such bond is not required when the Court found the action of the Collector to be contrary to the law.[31]

Appeals from the decisions of the Collector of Internal Revenue are within the jurisdiction of the CTA.

In *Rodriguez v. Blanquera*,[32] the Commissioner of Internal Revenue issued a circular stating that mere membership in a gun club does not entitle the member to the reduced rates prescribed in section 292 of the National Internal Revenue Code and that the firearms covered by the license must be of the target model in order that he may be entitled to the said reduced rates. Contending that the circular is not warranted by the statute, the plaintiff brought an action for its nullification in the CFI of Manila. The case was remanded to the CTA on the ground that the latter has exclusive jurisdiction over it.

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[26] G.R. No. L-11910, Aug. 31, 1960.
[27] G.R. No. L-11273, Nov. 21, 1958.
[28] Phil. Marine Radio Officer's Ass'n v. CIR, Compañia Maritima v. CIR, G.R. No. L-10095 and G.R. No. L-10115, Oct. 31, 1957.
[29] G.R. No. L-13364, July 26, 1960.
[30] G.R. No. L-11151, July 30, 1960.
[31] Collector of Internal Revenue v. Avelino, G.R. No. L-...., Nov. 19, 1960.
[32] G.R. No. L-13941, Sept. 30, 1960.

The Supreme Court held that circular No. 148 directs the officers charged with the collection of taxes and license fees to adhere strictly to the interpretation given by the defendant to the statutory provision as set forth in the circular. The same incorporates, therefore, a decision of the Collector of Internal Revenue on the manner of enforcement of said statute, the administration of which is entrusted by law to the Bureau of Internal Revenue. As such it comes within the purview of R.A. 1125.

For the Tax Court to have jurisdiction over any case, the party seeking redress must first invoke its exercise in the manner and within the time prescribed by law. Thus, in *North Camarines Lumber Company v. Collector of Internal Revenue*,[33] the Supreme Court ruled that section 7 of the National Internal Revenue Code which enumerates the specific cases falling within the jurisdiction of the Tax Court must be read together with section 11 which fixes the time for invoking said jurisdiction. There was no question that the petitioner's case was covered by section 7 but as the petitioner consumed 35 days in perfecting the time during which the period for appeal was suspended by a pending request for reconsideration, its appeal was clearly filed out of time.

Court of Agrarian Relations

While it is true that R.A. 1267, as amended by R.A. 1409, places all questions and controversy of tenancy under the jurisdiction of the Court of Agrarian Relations, it is indispensable that there should first exist between the parties a tenancy relationship.[34] In *Ulpiondo v. CIA.R.*[35] the Supreme Court ruled that the real tenants of Lim, the owner of the landholdings, were Dadurol and Jasmin and that upon the death of said tenants, petitioners were merely allowed by Lim to continue working. Said petitioners cannot demand as a matter of right that they be recognized as tenants since the landowner has the right to choose his tenants. The amendment to section 9, R.A. 1199 by R.A. 3263 providing for the continuance of the tenancy relationship in the event of the tenant's death or incapacity which took effect on June 19, 1959 cannot be applied retroactively.

In *Arejola v. Camarines Sur Regional Agricultural School*,[36] the Court held that the Court of Agrarian Relations is given jurisdiction to consider, investigate, and decide all questions involving those relationships established by law which determine the varying rights of persons in the cultivation and use of agricultural lands where one of the parties works the land. The relationship must necessarily be that of agricultural tenancy as explained by section 6 of R.A. 1199.

Commission on Elections

In line with the duty to enforce and administer all laws relative to the conduct of elections and to insure free, orderly and honest elections, the Commission on Elections may take appropriate measures in order that the proper parties may avail of the benefits granted by the Constitution and the Revised Election Code.[37] The Commission may therefore exercise the following powers: (1) authority to annul proclamations on certain grounds such as illegal canvass;[38] (2) proclamations based on incomplete returns;[39] (3) proclamations made despite a timely petition filed with the board of canvassers by all the

[33] G.R. No. L-12353, Sept. 30, 1960.
[34] Manlapaz v. Pagdaganan, G.R. No. L-9640, Nov. 26, 1957.
[35] G.R. No. L-1389, Oct. 31, 1960.
[36] G.R. No. L-1573, Dec. 29, 1960.
[37] Lacson v. Commissioner, G.R. No. L-16261, Dec. 28, 1959.
[38] Mintu v. Enage. G.R. No. L-1834, Dec. 31, 1947; Ramos v. Com. on Elections, 80 Phil. 722.
[39] Abendante v. Relato, G.R. No. L-16813, Nov. 5, 1953.

members of the Board of Election Inspectors calling attention to an inadvertent and unintentional mistake in the election return and correcting the same, as well as petition by the candidates affected, for suspension to give them opportunity to go to court both of which petitions were denied by the board; [40] and (4) proclamations made in an authorized meeting of the Board of Canvassers because held over the objection of the Commissioner's representative and against the express instructions of the Commissioner itself in the exercise of its supervisory powers.[41]

The Supreme Court held in *Salcedo v. Commission*,[42] that if the Commission has the power to annul the proclamations under the circumstances abovementioned, there is no cogent reason why it should have no power or jurisdiction to entertain a petition of the affected party for the purpose of determining whether there are grounds for suspending the making of such proclamation.

Commission on Immigration

Under section 9 C.A. No. 503, an alien who is admitted as a non-immigrant cannot remain in the Philippines permanently. To obtain permanent admission, he has to depart voluntarily to some foreign country and procure from the appropriate Philippine consul, the proper visa and thereafter undergo examination by the Bureau of Immigration at a Philippine port of entry for purposes of determining his admissibility. Thus, in *Rosario v. Commissioner*,[43] the Supreme Court upheld the order of the Bureau of Commissioners deporting Po, a temporary visitor, who has stayed beyond the time permitted in his special returning certificate.

Public Service Commission

The power of the Commission to control, supervise, and dispose of the certificate of public convenience of public service operators for the promotion of public interest even if they are under judicial attachments, is already universally recognized in a long line of decisions. In *Javier v. De Leon*,[44] the court upheld the action of the commission in considering the petition for provisional approval of the sale of the certificates where there are then pending before the Commission the motion for reconsideration filed by the petitioners and the several writs of attachment that were issued prior to the said sale in other cases pending against the respondent which have the effect of putting the certificates in *custodia legis*.

Monetary Board

In order to perform the functions assigned to the Monetary Board by law, it is but just and reasonable that it be given broad powers in issuing such rules and regulations as it considers necessary to direct and effect the operation and administration of the Central Bank. This was the ruling in *Andres Castillo v. Bayona*[45] in which it appears that the Monetary Board created a fact-finding committee to investigate the tax refund anomalies supposed to have been committed by the defendant Esperanza. The latter contended that the committee had no jurisdiction to conduct the investigation, invoking sec. 132 of the Central Bank Charter (R.A. 265), sec. 695 of the Revised Administrative Code, and sec. 14 of R.A. 265. The Supreme Court held that sec. 14 of R.A. 265

[40] Lacson v. Commission, G.R. No. L-16261, Dec. 28, 1959.
[41] Santos v. Commission, G.R. No. L-16413, Jan. 26, 1960.
[42] G.R. No. L-16835, July 26, 1960.
[43] G.R. No. L-12483, May 30, 1960.
[44] G.R. Nos. L-12483 and L-12896, Oct. 22, 1960.
[45] G.R. No. L-14375, Jan. 30, 1960.

is sufficiently broad to vest the Monetary Board with the power of investigation and removal of the officers, except the Governor. The Civil Service Law is the general law provision which must govern the investigation, suspension and removal of employees of the Central Bank.

The defendant also contended that disciplinary action against the employees of the Central Bank is governed by sec. 695 of the Revised Administrative Code which states that the Commissioner of Civil Service should have exclusive jurisdiction over the removal, suspension and separation of subordinate officer and employees in the Civil Service. The Court held that the Monetary Board would still have jurisdiction to investigate the defendant, either to suspend or remove her, as the result of its investigation may warrant, subject to the final authority of the Commissioner of Civil Service on appeal by the aggrieved party, as shown by the fact that the word "exclusive" in said section 695 of the Revised Administrative Code has been changed to "final" jurisdiction [46] in the new Civil Service Act.

The Court also declared that the Monetary Board may conduct an administrative investigation, considering that said Monetary Board may be regarded as a department head according to sec. 79(c) of the Revised Administrative Code.

Workmen's Compensation Commission

In *International Oil Factory v. Martinez*,[47] the Supreme Court ruled that the two-year period provided for in section 8 of Act 3428 should be counted from the time the employer's sickness renders him disabled to do the work; which is in keeping with the general rule in compensation cases that the injuries or diseases that are compensable are only those which produce disability and thereby affect the earning power of the employees. From February 22, 1952, when he stopped working due to his ailment to February 13, 1955, when he died, only one year, eleven months and twenty-one days had elapsed, or the death caused by the disease is within the two-year period provided for in said section 8 of Act 3428. The Commission had therefore the jurisdiction to order the payment of compensation for the death of the deceased.

It is a rule that to invoke the jurisdiction of the Workmen's Compensation Commission, an employer-employee relationship should exist. In *Bernardo v. Workmen's Compensation Commission*,[48] the Supreme Court held that forest guards hired by lumber concessionaires, though appointed by the Department of Agriculture and Natural Resources, are still deemed employers of the concessionaires, and therefore such relationship existed.

Social Welfare Administrator

Under section 79(d) of the Revised Administrative Code, the Department Head may from time to time, in the interest of service, change the distribution among the several bureaus of his department of the employees or subordinates authorized by law. In *Miclat v. Ganaden*,[49] Miclat, an employee in the Social Welfare Administration, not appointed to a fixed station was, after having served the maternity leave, transferred to Baguio City. The lower court ruled that the transfer of petitioner without her consent amounts to removal because such transfer was made without previous approval of the Commissioner of

[46] Sec. 16(i), R.A. 2260.
[47] G.R. No. L-13426, Sept. 30, 1960.
[48] G.R. No. L-13260, Oct. 31, 1960.
[49] G.R. No. L-14459, May 30, 1960.

Civil Service pursuant to section 32 of R.A. No. 1800. The Supreme Court ruled that as the petitioner was not appointed to any particular position with definite station, she may be designated or assigned temporarily to another place where her services may be needed, and that in such case, the approval of the Commissioner of Civil Service to the transfer as provided in section 32 of R.A. 1800 was not needed.

III. PROCEDURE

A. Standing of the Parties Before Administrative Agencies

Court of Industrial Relations

An employer-employee relationship must exist before the CIR can have jurisdiction over the case.[50]

That the number of employees who filed the claim is less than 31 and therefore falls short of the number required by C.A. 103, as amended, is of no moment, it appearing that the present petition was filed not only by said employees but also by the union of which they are members.[51]

Public Service Commission

In *Calalang v. Intestate Estate of Tanjanco*,[52] the question was whether the petitioner, as grantee of a legislative franchise to operate an ice plant approved before the respondent applied for an increase of the capacity of her ice plant, should be allowed to oppose and be heard on the latter's application. The Supreme Court held that the criterion in determining whether a person has self-sufficient interest or personality to intervene in any proceeding before the PSC is that he must show that he has sustained or is immediately in danger of sustaining an injury as a result of that action, and it is not sufficient that he has merely a general interest common to all the members of the public. His interest must be of such nature as to be susceptible of valuation. Petitioner, although not yet an operator of an ice plant, has, in view of her having been granted a legislative franchise to operate such a public utility, sufficient interest as would satisfy the above test and entitle her either to oppose respondent's application for an increase in the capacity of her existing plant, or to ask for a joint hearing of said application.

B. Publication

Public Service Commission

In *Javier v. de Leon*,[53] the Supreme Court held that the requirement regarding publication only refers to an application for final approval of a deed of sale of certificates of public conveniences and not to an ex-parte application for provisional approval and sale of temporary certificates of 5 to 10 years and not to those issued for a normal life of 25 years like the one involved therein. At any rate, the requirement contained in the memorandum order of the Commission regarding publication is merely directory which can be waived by the Commission if it finds good reasons for doing so to promote public interest.

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[50] Sampaguita Pictures v. CIR, G.R. No L-16404, October 25, 1960.
[51] *Ibid.*
[52] G.R. No. L-16068, Nov. 29, 1960.
[53] G.R. Nos. L-12483 and L-12896-97, Oct. 22, 1960.

C. Due Process

Court of Industrial Relations

Section 17 of C.A. 102, as amended, could not be mechanically involved nor availed of by the party, by refusing to comply with such award through the sending of a notice of termination. In the interest of justice and equality, all cases of termination of an award, order or decision must be properly heard in order that the parties could not be deprived arbitrarily of their properties or earnings.[54]

Director of Patents

In the proceedings for the approval of an application for registration, there are two steps: the first is that conducted in the office of the Director of Patents prior to publication, and the second, that conducted after the publication in which the public is given the opportunity to contest the application. It is the decision of the Director given after this hearing that finally terminates the proceedings and in which the registration is finally approved or disapproved.[55]

Public Service Commission

In *Regalado v. Provincial Constabulary Commander*,[56] the Public Service Commission thru the Provincial Commander prevented the entry to Cadiz, Negros Occidental, the ice bought by the petitioners in Bacolod City for exclusive use by them in Cadiz for their deep-sea fishing business on the ground that the same is in violation of section 56 of its Revised Order No. 1, which provides that "no ice produced by any operator shall be sold directly or indirectly outside of its authorized territory. The Supreme Court held that the order of seizure of the Commission is arbitrary since the petitioners were not given their day in court.

D. Freedom from Technical Rules of Evidence

Court of Industrial Relations

The ruling that a slight delay in the adjudication of the case occasioned by a reasonably justified continuance of the hearing of the case, to afford the petitioner the opportunity to cross-examine the witness of the respondent and to present evidence in his behalf, would not materially prejudice the members of the respondent union[57] was reiterated in *Brito v. CIR*.[58]

In *Cano v. CIR*,[59] the Supreme Court held that while under the Industrial Peace Act, a regular complaint for unfair labor practice, to be filed by the court prosecutor, formally starts the proceedings, this does not necessarily bestow on said officer complete control and supervision over said proceeding as in prosecution of offenses under the Revised Penal Code.

Court of Tax Appeals

In *Collector v. CTA*,[60] a request for reinvestigation of the assessment made by the Collector was made by the petitioner. He argued that the request was

[54] NAWASA v. CIR, G.R. No. L-13161, Feb. 26, 1960; Philippine Sugar Institute v. CIR, G.R. No. L-13464, May 25, 1960; NDC v. CIR, G.R. No. L-14258, July, 1960.
[55] East Pacific Merchandising Corp. v. Director, G.R. No. L-14377, Dec. 29, 1960.
[56] G.R. No. L-15300, May 18, 1960.
[57] Selma v. PLASLU, G.R. No. L-9884, Dec. 28, 1957.
[58] G.R. No. L-14201, May 31, 1960.
[59] G.R. No. L-15594, Oct. 31, 1960.
[60] G.R. No. L-14902, Oct. 31, 1960.

merely pro-forma, so that it did not have the effect of suspending the period within which to appeal to the CTA. The Supreme Court ruled that the rule against pro-forma motions should not be very strictly applied in tax cases, for the reason that the Rules of Court is only supplementary in character before the Tax Court.

E. Reopening of the Case

In *Local 7 v. Tabigne*,[61] the United Cardboard Box Factory on request of the labor union dismissed the petitioners, whereupon the petitioners applied for membership in the union but their applications were denied. There was a charge of unfair labor practice and in the hearing, the respondent did not appear. The CIR ordered the union to accept the petition and ordered the company to reinstate the petitioners. Since there was no appeal, the order became final. However, the court en banc ordered the reopening of the whole case. The Supreme Court held that an order of reinstatement, unlike an award, becomes final, upon the expiration of the time to appeal, as it finally disposes of the pending action for reinstatement, so that nothing more can be done with it in the trial court.[62] But the resolution should be upheld in so far as it allows the respondent union to cross-examine the petitioner's witnesses and submit evidence for the defense. No laborer has an absolute right to union membership.

F. Appeals

Court of Tax Appeals

Appeals from the rulings of the Collector must be brought within 30 days from receipt of the decision of the Collector.[63]

In *Gibbs v. Collector*,[64] the petitioners received on November 14, 1956, a notice of respondent Collector's decision denying their request for a refund of the deficiency assessment paid by them. They filed an appeal to the CTA only on September 27, 1957. The Supreme Court held that the petitioners filed their appeal beyond the 30 days from notice of the Collector's decision denying their request contrary to section 11 of R.A. 1125 which requires that such appeal must be made within 30 days from said notice.

As to the contention of the petitioner that the CTA still had jurisdiction over the same by virtue of sec. 506 of the National Internal Revenue Code providing for a period of two years within which to take an appeal to the CTA, the Court reiterated the rule in *Johnston Lumber v. CTA* [65] that the specific provision of R.A. 1125 regarding appeal was intended to cope with a situation where the taxpayer upon receipt of ruling of the Collector, elects to appeal to the CTA, instead of paying the tax. On the other hand, sec. 306 contemplates a case wherein the taxpayer paid the tax, whether under protest or not, and later on decides to go to court for its recovery. Where payment has already been made, and the taxpayer is merely asking for its refund, he must first file with the Collector a claim for refund before taking the matter to the Court as required by sec. 306 and that appeals from the decision of the Collector must always be brought within 30 days after receipt of the decision.

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[61] G.R. No. L-16093, Nov. 29, 1960.
[62] 1 Moran, Comment on the Rules of Court, 1952 Ed., 894.
1 Francisco, op. cited; 68-69 citing 31 Am. Jur. 861.
[63] Sec. 11, RA 1125.
[64] G.R. No. L-13453, Feb. 29, 1960.
[65] G.R. No. L-9292, April 23, 1957.

In *North Camarines Lumber Company v. Collector*,[66] it was argued that in computing the thirty-day period, the letter of the respondent Collector dated January 30, 1956, denying the second request for reconsideration, should be considered the final decision contemplated in sec. 7 of the NIRC, and not the letter dated January 30, 1955 requiring the respondent to pay the tax. The Supreme Court held that this contention would make the commencement of the thirty-day period solely dependent on the will of the taxpayer and place the latter in a position to put off indefinitely and at his convenience the finality of a tax assessment.

In *Villamin v. CTA*,[67] the Court held that the appealable decision contemplated in secs. 7 and 11 of R.A. 1125 is the first letter of the Collector denying the request for reconsideration of the original assessment made by the latter and that for the purpose of the appeal, the thirty-day period should be counted from the date said letter is received by the taxpayer.

Workmen's Compensation Commission

The rule of the WCC that appeals from a decision of the Commissioner must be brought within ten days refers to appeals from the decision of the Commissioner to the WCC and when no appeal has been taken, the Commissioner's opinion becomes the decision of the Commission from which an appeal may be taken to the Supreme Court within 15 days from notice as provided in sec. 50 of R.A. 772.[68]

G. Remedies Against Administrative Tribunals

Court of Industrial Relations

The decisions of the Industrial Court rendered after lapse of thirty-one days from the submission of the case is not null and void. The additional statement in the law, sec. 5(d) R.A. 875 that the thirty-day period "shall be considered as mandatory in character" was designed to provide the parties to an industrial dispute with means to compel prompt disposition of the case by the court by a writ of mandamus, administrative complaint, or similar recourse.[69]

IV. JUDICIAL INTERFERENCE

A. Exhaustion of Administrative Remedies

No recourse to the courts can be had until all administrative remedies have been exhausted[70] and failure to exhaust this remedy is fatal.[71] But this rule applies only when there is an express provision requiring such administrative step as a condition precedent to taking action in court.[72]

In *Collector v. CTA*,[73] the Supreme Court held that the second request for reinvestigation of the assessment by the Collector had the effect of suspending the period within which to appeal to the CTA because the need of exhausting all administrative remedies before resort to the courts is made demands that the motion for reconsideration be filed. The motion, even if couched

[66] G.R. No. L-12353, Sept. 30, 1960.
[67] G.R. No. L-11536, Oct. 3, 1960.
[68] Davao Gulf v. del Rosario, G.R. No. L-15978, Dec. 27, 1960.
[69] Permanent Products v. Frivaldo, G.R. No. L-14179, Sept. 15, 1960.
[70] De la Torre v. Trinidad. G.R. No. L-14907, May 31, 1960.
[71] Llanera v. Lacson, G.R. No. L-15696, May 30, 1960.
[72] Azuelo v. Arnaldo, G.R. No. L-15144, May 26, 1960.
[73] G.R. No. L-14902, Oct. 31, 1960

in general terms, serves the purpose of preparing the case for the petition for review.

Commissioner of Immigration

In *Tan Seng Pao v. Commissioner*,[74] the Board of Immigration, after ordering the deportation of the petitioner to China, failed to immediately deport him because of prolonged negotiations for accommodations to deport him. Petitioner filed a motion for reconsideration, and while the said Board had the same motion under consideration, he filed a petition for habeas corpus. The Supreme Court held that the petition was premature considering that the Board has not completely acted on his petition for reconsideration, and that he failed to exhaust all administrative remedies because of his failure to file a bond for his temporary release as required by law.

Director of Lands

By the virtue of the President's power of control over all executive departments, which means the power to alter or modify or nullify or set aside what a subordinate officer had done, the President may reverse, affirm, or modify the decision of the Director of Lands. So, in *Rellin v. Cabigas*,[75] the Supreme Court ruled that by their own act of appealing to the President from the decision of the Director of Lands accepting defendant's application and without awaiting the decision of the President, the defendant cannot complain if the courts do not take action before the President has decided the appeal.

Director of Public Schools

Exhaustion of all administrative remedies would not be necessary if it would result in the nullification of the claim of the petitioner. In *Alzate v. Aldana*,[76] on December 20, 1957, the petitioner wrote to the respondent Director of Public Schools, claiming that taking into account his 24-year service in the Bureau of Public Schools, he was entitled to an automatic salary increase under R.A. 842. The director denied his request and the petitioner requested for a reconsideration of the decision. On June 11, 1958, without awaiting for the result of his request, the petitioner filed mandamus proceedings in the CFI to compel the Director to adjust his salary. He contends that if he awaited for the final decision on his petition, the amount appropriated for the payment of the salary adjustment of public school teachers, if not disbursed before the expiration of the fiscal year on June 30, 1958, would be reverted to the gneeral fund of the government. The Supreme Court agreed with the petitioner's contention.

Board of Regents, University of the Philippines

In *Madriñan v. Sinco*,[77] the petitioners, students of the University of the Philippines, claiming to be adversely affected by Circular No. 1, issued by the President of the U.P. and the memorandum issued by the Chairman on Student Organization, assailed the validity of such regulations by a petition for prohibition and mandamus with preliminary injunction. The validity of the regulations had never been raised before the Board of Regents. The Court ruled that as the President of the U.P. is subject to the direction of the Board of Regents and that the Board of Regents had the power to annul or modify the Circular, it was the legal obligation of the petitioner to appeal to the Board before resorting to the Courts. Athough the administration of the university is conferred

[74] G.R. No. L-14246. April 27, 1960.
[75] G.R. No. L-15926, Oct. 31, 1960.
[76] G.R. No. L-14407, Feb. 29, 1960.
[77] G.R. No. L-14559, Nov. 29, 1960.

on the Board and the President of the U.P. by sec. 4 of Act 1870, the latter adds significantly "in so far as authorized by said Board."

B. Findings of Fact

Court of Industrial Relations

The ruling that where the CIR approved the report of the hearing examiner after a perusal of the record of the case, it is assumed that it had examined the evidence and found no justification modifying his findings and conclusions, was reiterated in *Erlanger v. CIR.*[78]

Public Service Commission

In reviewing a decision of the PSC, the Supreme Court is not required to examine the proof de novo, and determine for itself whether or not the preponderance of evidence really justifies that decision. Its only function is to determine whether or not its decision might reasonably be based. The Supreme Court will not substitute its discretion for that of the Commission on questions of fact and will not interfere in the latter's decision unless it clearly appears that there is no evidence to support it.[79]

As between 2 applicants, the question is which applicant can render the best service, considering the qualifications and conditions of the applicants to furnish the same.[80] But where other conditions are equal, priority of filing applications is a vital factor to grant or refuse the same.[81]

Workmen's Compensation Commission

Section 2, Rule 44 of the Rules of Court provides that only questions of law may be raised in the petition for review. Therefore, findings of fact by the WCC are binding upon the Court and will not be disturbed on appeal except when the decision appealed from is not supported by substantial evidence,[82] or where there is abuse of discretion on the part of the Commission.[83]

Court of Agrarian Relations

In *Moribojoc v. de Guzman,*[84] the CAR ordered the ejectment of Moribojoc from the land of Kapungan. Moribojoc filed a petition for reconsideration with an affidavit stating that he lived far from the highway, that despite being a paralytic, he asked for advice from the Clerk of Court who told him to look for a lawyer and upon doing so, his lawyer told him to go home and await for the decision of the court. The Supreme Court ruled that the CAR abused its discretion in denying the motion for reconsideration considering the ignorance of the petitioner, and who, in spite of odds, took reasonable steps to comply with the law.

C. Finality of Administrative Decisions

Court of Industrial Relations

A decision, award, order, of the CIR becomes self-executory 10 days after its promulgation notwithstanding the institution of an appeal therefrom, unless,

[78] G.R. No. L-15118, Dec. 29, 1960.
[79] II Moran, 1957 Ed., p. 678.
[80] De los Santos v. Pasay Trans. Co., 54 Phil. 357.
[81] Benitez v. Santos; Lopez v. Santos, G.R. No. L-12911, G.R. No. L-13073, Feb. 29, 1960.
[82] G.R. No. L-12726, Laguna Tayabas Bus. Co. v. Consunto, May 20, 1960.
[83] General Shipping Co. v. WCC, G.R. No. L-14936, July 30, 1960.
[84] G.R. No. L-14744, Oct. 26, 1960.
[85] Sec. 14, CA 103.

at the discretion of the court, the execution is ordered suspended for special reasons and upon the appellant's depositing in court a bond to insure the compliance of the award or decision in case of affirmance by the appellate court.[85] Thus, in *Talisay-Silay Milling Co. v. CIR*,[86] the Supreme Court ruled that the fact that the company offered to file a bond, it had in effect recognized the right of the laborer to reinstatement and compensation from the date such order became executory.

Although an order denying a motion to dismiss a complaint on the ground of lack of jurisdiction is interlocutory, still if it is clear that the trial court lacks jurisdiction, a higher court of competent jurisdiction would be justified in issuing a writ of certiorari and prohibition, for the proceedings in the court below would be a nullity and a waste of time.[87]

Commissioner of Civil Service

In *Tan v. Gimenez*,[88] the petitioner was found guilty by the Commissioner of Civil Service with grave misconduct in office and ordered him to resign from the service. He appealed to the Civil Service Board of Appeals which reversed the decision of the Commissioner. The Auditor General refused to give him his back salaries on the ground that the petitioner's removal from office by the Commissioner of Civil Service was final and executory. The Court held that in accordance with sec. 2, CA 598, the appeal taken by the petitioner to the Civil Service Board of Appeals precluded the execution of the decision of the Commissioner. The decision of the Civil Service Board of Appeals not having been reversed or modified by the President of the Philippines, becomes the final decision.

Wage Administration Service

Only through these three modes—mediation, conciliation, or arbitration, court action, may the WAS cause the employer to satisfy the employee's claims for unpaid wages, and the WAS has no authority to render a "decision" on the claim for unpaid wages, except insofar as to determine whether, in its opinion the claim is meritorious as a condition precedent to the institution before any competent court of an ordinary action for the recovery of the sum of money it considers due to the claimant.[89]

Workmen's Compensation Commission

In *Santos v. Eutenzo*,[90] the Supreme Court held that an act of Congress cannot be amended by a rule promulgated by the WCC. Thus, courts of record still have jurisdiction to enforce an award of the WCC from which no appeal has been taken within the time allowed therefor because sec. 1, R.A. 772 conferring such jurisdiction could not have been amended by sec. 1, Rule 11 of the WCC.

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[86] G.R. No. L-14023, Jan. 30, 1960.
[87] Elizalde v. Bautista, G.R. No. L-15904, Nov. 23, 1960.
[88] G.R. No. L-12525, Feb. 19, 1960.
[89] Potente v. Saulog, G.R. No. L-12300, April 24, 1949; Ponce v. Co King Lian, G.R. No. L-13922, Feb. 29, 1960; Distileria v. Victoriano, G.R. No. L-13212, May 30, 1960.
[90] G.R. No. L-14740, Sept. 26, 1960.