

DEE C. CHUAN & SONS, INC., PETITIONER, VS. THE COURT OF INDUSTRIAL RELATIONS, CONGRESS OF LABOR ORGANIZATIONS (CLO), KAISAHAN NG MGA MANGGAGAWA SA KAHUY SA PILIPINAS AND JULIAN ...*G.R. No. L-2216. January 31, 1950*

Ponente: TUASON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/8688a6764f8d/>**TUASON, J.:**

Dee C. Chuan & Sons, Inc. assails the validity of an order of the Court of Industrial Relations. The order, made upon petitioner's request for authority to hire "about twelve (12) more laborers from time to time and on a temporary basis," contains the proviso that "the majority of the laborers to be employed should be native." The petition was filed pending settlement by the court of a labor dispute between the petitioner and Kaisahan Ng Mga Manggagawa sa Kahoy sa Pilipinas.

At the outset, the appellant takes exception to the finding of the court below that Dee C. Chuan & Sons, Inc., is capitalized with foreign capital and managed by person of foreign descent. This question has little or no bearing on the case and may well be passed over except incidentally as a point of argument in relation to the material issues.

It is next said that "The Court of Industrial Relations cannot intervene in questions of selection of employees and workers so as to impose unconstitutional restrictions," and that "The restriction of the number of aliens that may be employed in any business, occupation, trade or profession of any kind, is a denial of the equal protection of the laws." Although the brief does not name the persons who are supposed to be denied the equal protection of the laws, it is clearly to be inferred that aliens in general are in petitioner's mind. Certainly, the order does not, directly or indirectly, immediately or remotely, discriminate against the petitioner on account of race or citizenship. The order could have been issued in a case in which the employer was a Filipino. As a matter of fact the petitioner insists that 75% of its shares of stock are held by Philippine citizens, a statement which is here assumed to be correct.

But is petitioner entitled to challenge the constitutionality of a law or an order which does not adversely affect it, in behalf of aliens who are prejudiced thereby? The answer is not in doubt. An alien may question the constitutionality of a statute (or court order) only when and so far as it is being, or is about to be, applied to his disadvantage. (16 C. J. S. 157 et seq.) The prospective employees whom the petitioner may contemplate employing have not come forward to seek redress; their identity has not even been revealed. Clearly the petitioner has no case in so far as it strives to protect the rights of others, much less others who are unknown and undetermined., U. S. vs. Wong Kum Ark, 169 U.S. 649, Truax vs. Raich, 239 U. S. 39, 60 L. ed. 131, and other American decisions cited do not support the petitioner for the very simple reason that in those cases it was the persons themselves whose rights and immunities under the constitution were being violated that invoked the protection of the courts.

The petitioner is within its legitimate sphere of interest when it complains that the appealed order restrains it in its liberty to engage the men it pleases. This complaint merits a more detailed examination.

That the employer's right to hire labor is not absolute has to be admitted. "This privilege of hiring and firing ad libitum is, or course, being subjected to restraints today." Statutes are cutting in on it. And so does Commonwealth Act No. 103. The regulations of the hours of labor of employees and of the employment of women and children are familiar examples of the limitation of the employer's right in this regard. The petitioner's request for permission to employ additional laborers is an implicit recognition of the correctness of the proposition. The power of the legislature to make regulations is subject only to the condition that they should be affected with public interest and reasonable under the circumstances. The power may be exercised directly by the law-making body or delegated by appropriate rules to the courts or administrative agencies.

We are of the opinion that the order under consideration meets the test of reasonableness and public interest. The passage of Commonwealth Act No. 103 was "in conformity with the constitutional objective and * * * the historical fact that industrial and agricultural disputes have given rise to disquietude, bloodshed and revolution in our country." (*Antamok Goldfields Mining Co. vs. Court Industrial Relations*, 40 Off. Gaz., 8th Supp., 173.)[1]"Commonwealth Act No. 103 has precisely vested the Court of Industrial Relations with authority to intervene in all disputes between employers and employees or strikes arising from differences as regards wages, compensation, and other labor condition which it may take cognizance of." (*Central Azucarera de Tarlac vs. Court Industrial Relations*, 40 Off. Gaz., 3rd Supp., 319, 324.)[1] Thus it has jurisdiction to determine the number of men to be laid off during off-season. By the same token, the court may specify that a certain proportion of the additional laborers to be employed should be Filipinos, if such condition, in the court's opinion, "is necessary or expedient for the purpose of settling disputes, preventing further disputes or doing justice to the parties."

The order in question has that specific end in view. In parallel vein the court observed: "Undoubtedly, without the admonition of the Court, nothing could prevent petitioner from hiring purely alien laborers, and there is no gainsaying the fact that further conflict or dispute would naturally ensue. To cope with this contingency, and acting within the powers granted by the organic law, the court, believing in the necessity and expediency of making parent its desire to avoid probable and possible further misunderstanding between the parties, issued the order."

We are not prepared to declare that the order is not conducive to the aim pursued. The question is a practical one depending on facts with which the court is best familiar. The fact already noted should not be lost sight of—that there is a pending strike and, besides, that the employment of temporary laborers was opposed by the striking employees and was the subject of a protracted hearing.

We can not agree with the petitioner that the order constitutes an unlawful intrusion into the sphere of legislation, by attempting to lay down a public policy of the state or to settle a political question. In the first place, we believe, as we have already explained, that the court's action falls within the legitimate scope of its jurisdiction. In the second place, the order does not formulate a policy and is not political in character. It is not a permanent, all-embracing regulation. It is a compromise and emergency measure applicable only in this case and calculated to bridge a temporary gap and to adjust conflicting interests in an existing and menacing controversy. The hiring of Chinese laborers by the petitioner was rightly considered by the court likely to lead the parties away from the reconciliation which it was the function of the court to effectuate.

As far as the petitioner is concerned, the requirement that majority of the laborers to be employed should be Filipinos is certainly not arbitrary, unreasonable or unjust. The petitioner's right to employ labor or to make contract with, respect thereto is not unreasonably curtailed and its interest is not jeopardized. We take it that the

'nationality of the additional laborers to be taken in is immaterial to the petitioner. In its application for permission to employ twelve temporary laborers it expressly says that these could be Filipinos or Chinese. On the face of this statement, assuming the same to be sincere, the petitioner's objection to the condition imposed by the court would appear to be academic and a trifle.

We should not close without adverting to the fact that the petitioner does not so much as pretend that the hiring of additional laborers is its prerogative as a matter of right. It seems to be conceded that during the pendency of the dispute the petitioner could employ temporary laborers only with the permission of the Court of Industrial Relations. The granting of the application thus lies within the sound judgment of the court, and if the court could turn it down entirely, as we think it could, its authority to qualify the permission should be undeniable, provided only that the qualification is not arbitrary, against law, morals, or established public policy, which it is not as an expedient and emergency step designed to relieve petitioner's own difficulties. Also important to remember is that it is not compulsory on petitioner's part to take advantage of the order. Being a permittee petitioner is the sole judge of whether it should take the order as it is, or leave it if it does not suit its interest to hire, new laborers other than Chinese.

The order appealed from is affirmed with costs to this appeal, against the petitioner-appellant.

Moran, C. J., Pablo, Bengzon, Padilla, and Torres, JJ., concur.

Ozaeta, J., see dissenting opinion.

Paras, Montemayor and Reyes, JJ., joins the dissent of Justice Ozaeta.

[1]70 Phil., 340. [1] 69 Phil., 289.

DISSENTING OPINION

OZAETA, J.:

During the trial of an industrial dispute between the petitioner and the respondent labor union, the former applied to the Court of Industrial Relations for authority "to hire about twelve more laborers from time to time and on a temporary basis, to be chosen by the petitioner from either Filipinos or Chinese." The court granted the authority applied for but imposed as a condition that the majority of the twelve new laborers to be hired "should be native and only a nominal percentage thereof alien." In imposing such condition the court said:

"The hiring of laborers who are not native or Filipino should be discouraged, as it is being discouraged by this court. In these critical moments of unemployment, any competition of alien and native labor would be destructive of our Nation that is in the making. By the act of God, this nation is the Philippines, her soil is the patrimony of the Filipino people, and in this Philippine soil the Filipino laborers must have priority and preference. No capitalistic management can violate this unwritten law, unless it wants to court trouble and conflict. In the hiring, therefore, of laborers, it is the opinion of this court that management, in employing aliens, should be prudent and cautious and should, as much as possible, employ only a small percentage thereof limited to those absolutely necessary and confidential."

The power of the Court of Industrial Relations to impose such condition as to limit the authority of the employer to hire laborers other than Filipinos is challenged by the petitioner. "The petitioner is within its legitimate sphere of interest when it complains that the appealed order restrains it in its liberty to engage the men it pleases," says the majority opinion, and we add—"regardless of race or nationality." It is true that no alien laborer who may be adversely affected by the order has been made a party herein. Under the circumstances of the case he could not be

expected to have intervened in the incident which gave rise to the order complained of. But his intervention is not necessary in order to determine whether or not the Court of Industrial Relations is empowered by law to impose the condition above mentioned. If the court has no power to discriminate against a certain class of laborers on account of their race or nationality, it has no power to impose the condition in question, and the employer has legitimate right to complain against such imposition.

The Court of Industrial Relations impliedly admits the nonexistence of any statute providing that Filipino laborers must be preferred over aliens; but it claims or adopts an "unwritten law" to that effect and says that "no capitalistic management can violate this unwritten law, unless it wants to court trouble and conflict." Who made such unwritten law? Certainly the Congress of the Philippines, the only entity authorized by the Constitution to make laws, and which does not promulgate unwritten laws, did not do so. The court, therefore, cannot take cognizance of, and much less apply, such supposed unwritten law.

It is sheer usurpation of legislative power for the court to enact or make laws. Its power is confined to interpreting and applying the laws enacted by the legislature.

The case of *Truax vs. Raich*, 60 L. ed. 131, which was decided by the Supreme Court of the United States on November 1, 1915, is of pertinent and persuasive application to the question at issue in that, in our opinion, it emphasizes the utter lack of power of the court to impose the condition here complained of; for in said case the Supreme Court of the United States ruled that the Legislature of the State of Arizona could not validly enact a law similar to the supposed unwritten law which the Court of Industrial Relations has conceived and has tried to enforce. The law involved in said case pertinently reads as follows:

"Sec. 1. Any company, corporation, partnership, association or individual who is, or may hereafter become, an employer of more than five (5) workers at any one time, in the state of Arizona, regardless of kind or class of work, or sex of workers, shall employ not less than eighty (80) per cent qualified electors or native-born citizens of the United States or some subdivision thereof.

" Sec. 2. Any company, corporation, partnership, association or individual, their agent or agents, found guilty of violating any of the provisions of this act shall be guilty of a misdemeanor, and, upon conviction thereof, shall be subject to a fine of not less than one hundred (\$100) dollars, and imprisoned for not less than thirty (30) days."

Mike Raich, a native of Austria and an inhabitant of the State of Arizona, but not a qualified elector, was employed as a cook by William Truax in his restaurant, where he had nine employees, of whom seven were neither native-born citizens of the United States nor qualified electors. After the passage of said law Raich was informed by his employer that because of its requirements and because of the fear of the penalties that would be incurred in case of its violation, he would be discharged. Thereupon Raich sued Truax and the Attorney General of Arizona to enjoin them from enforcing the law on the ground that it was unconstitutional because it denied him the equal protection of the laws. Both the District Court and the Supreme Court of the United States upheld his contention. The court said that the complainant was entitled under the Fourteenth Amendment to the equal protection of the laws of Arizona. "These provisions," said the Court, "are universal in their application, to all persons within the territorial jurisdiction, without regard to any differences of race, of color, or of nationality; and the equal protection of the laws is a pledge of the protection of equal laws * * * The discrimination defined by the act does not pertain to the regulation or distribution of the public domain, or of the common property or resources of the people of the state, the enjoyment of which may be limited to its citizens as against both aliens and the citizens of other states." The court said further:

"It is sought to justify this act as an exercise of the power of the state to make reasonable classifications in legislating to promote the health, safety, morals, and welfare of those within its jurisdiction. But this admitted

authority, with the broad range of legislative discretion that it implies, does not go so far as to make it possible for the state to deny to lawful inhabitants, because of their race or nationality, the ordinary means of earning a livelihood. It requires no argument to show that the right to work for a living in the common occupations of the community is of the very essence of the personal freedom and opportunity that it was the purpose of the Amendment to secure. . . . If this could be refused solely upon the ground of race or nationality, the prohibition of the denial to any person of the equal protection of the laws would be a barren form of words. It is no answer to say, as it is argued, that the act proceeds upon the assumption that 'the employment of aliens, unless restrained, was a peril to the public welfare.' The discrimination against aliens in the wide range of employments to which the act relates is made an end in itself, and thus the authority to deny to aliens, upon the mere fact of their alienage, the right to obtain support in the ordinary fields of labor, is necessarily involved.."

Our own Constitution contains a provision similar to the Fourteenth Amendment to the Constitution of the United States. Section 1 of Article III provides:

"No person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws."

It is patent that if the lawmaking body itself cannot validly enact the supposed unwritten law conceived or adopted by the lower court, much less could the latter do so.

Section 13 of Commonwealth Act No. 103, invoked by the trial court and by the majority of this court as authorizing the imposition of the discriminatory condition contained in the order appealed from, reads as follows:

"Sec. 13. Character of the award.—In making an award, order or decision, under the provisions of section four of this Act, the Court 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."

As correctly stated by Judge Lantingof the lower court in his dissenting opinion:

"The reference in the resolution of the majority to section 13 of Commonwealth Act No. 103, authorizing this Court to include in its awards, orders or decisions 'any matter or determination which may be deemed necessary or expedient for the purpose of settling the dispute or of preventing further * * * disputes', is far-fetched. This provision certainly does not authorize this Court to go beyond its prescribed powers and issue an order which grossly violates the fundamental law. More specifically, it cannot make any ruling which will produce the effect of discriminating against and oppressing a person or class of persons and deny them the equal protection of the laws, aside from curtailing their individual freedom and their right to live."

As a matter of fact the respondent labor union "manifested its conformity to the hiring of additional laborers, provided that it be consulted by the petitioner and that it be given the privilege of recommending the twelve new laborers that are to be hired." And Judge Roldan in his order overruled that proposition by saying: "The stand taken by the respondent labor union is not correct, because it attempts to encroach upon the prerogative of the company to determine and adopt its own policy in the selection of its employees and workers, and the Court should only intervene in questions of this nature when there is discrimination or retaliation on the part of the company, which has not been proven or even alleged in the case at bar (Manila Trading & Supply Co. vs. Judge Francisco Zulueta et al., G.R. 46853;[1] Manila Chauffeurs League vs. Bachrach Motor Co., G.R. 49138;[2] Pampanga Bus Co. vs. Pampanga Bus Co. Employees' Union, G.R. No. 46739;[3] National Labor Union vs. San Miguel Brewery, CIR case No. 26-V, June 12, 1947)."

Thus the Court of Industrial Relations itself correctly held that the respondent labor union has no right to encroach upon the prerogative of the company to determine and adopt its own policy in the selection of its employees and

workers, and that the court itself should not intervene in such selection because there was no proof of discrimination or retaliation on the part of the company. Yet in the dispositive part of its order the court not only intervenes in such selection but compels the company to discriminate against a certain class of laborers. The inconsistency and illegality of the order appealed from are too patent for argument.

To hold that the Court of Industrial Relations may, under section 13, impose any condition in its order or award in order to prevent further industrial disputes, regardless of whether or not such condition is in violation of law or of the Constitution, is, in our opinion, unthinkable. It goes without saying that industrial disputes must be settled in accordance with law and justice. Suppose that the members of a labor union should demand of an employer that 80 per cent of the new laborers the latter may hire should be Filipinos, or that all of them should be Tagalogs or Ilocanos, and should threaten to declare a strike unless such demand be complied with; would the court be justified in granting such demand under section 13 on the ground that by doing so it would prevent a strike or lockout and settle an industrial dispute? The negative answer can hardly be disputed, since unreasonable or illegal demands should not be countenanced by the court. Yet the affirmance by this Court of the order appealed from in effect authorizes the Court of Industrial Relations hereafter to commit such arbitrariness.

For the foregoing reasons, we vote to modify the appealed order by eliminating therefrom the discriminatory condition in question.

[1] 69 Phil., 485.

[2] 70 Phil., 12.

[3] 68 Phil., 541.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.