

PHILIPPINE RABBIT BUS LINES, INC., PETITIONER, VS. PROSPERO GABATIN, AND PUBLIC SERVICE COMMISSION, RESPONDENTS.

G.R. No. L-24472. July 31, 1968

Ponente: FERNANDO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/b4f1e7bdbbb3/>

FERNANDO, J.:

What has to be passed upon in this petition for review is the correctness of a decision of respondent Public Service Commission of March 8, 1965, granting an application of respondent Prospero Gabatin for a certificate of public convenience to operate an auto-truck service on the line Caoayan (Ilocos Sur) - Grace Park (Caloocan City) with the use of six (6) units. Petitioner Philippine Rabbit Bus Lines, Inc. was one of the oppositors.

According to the relevant facts, respondent Gabatin, as the applicant, presented himself together with two witnesses and testified to the effect that public convenience would be served by transportation facilities provided for passengers from Caoayan to Manila and back as students, employees, merchants and professionals among others had to ride in calesas or jeeps up to Vigan from whence they could take the buses of petitioner Philippine Rabbit Bus Lines, Inc., which, however, were usually fully loaded. One of his witnesses, the then Municipal Mayor of Caoayan, asserted that its inhabitants engaged in weaving, farming and fishing had to take their products to Manila, Dagupan, San Fernando, La Union and other towns the southern part of Ilocos Sur and that it was his personal experience that after taking a jeep from Caoayan to Vigan to be able to utilize the services of petitioner transportation line, he noted that their buses were quite full, a condition, that similarly existed on his return trip from Manila. He likewise added that there was a resolution of the Municipal Council of Caoayan endorsing the application for a certificate of public convenience of respondent Gabatin.

It was the contention of the oppositors on the other hand that there was no such "need for the proposed service; that on the line Vigan to Manila, there are sufficient buses of the Philippine Rabbit and other PUB operators who can take care of the need for the riding public; and that applicant is not financially capable to operate the proposed service. The other operators merely adopted the evidence presented by the Philippine Rabbit Bus Lines, Inc." [1]

Then, the decision sought to be reviewed, continued: "After weighing the evidence of both the applicant and the oppositors, the Commission found out that there is no PUB operator operating a direct service from Caoayan, Ilocos Sur to Manila; that by allowing applicant to operate a direct service from Caoayan, Ilocos Sur to Manila it would ease the transportation problem of the people of Caoayan, Ilocos Sur. Although, there are trips of the Philippine Rabbit Bus Lines Inc. going to Manila, but most of these trips start from Laoag, Ilocos Norte, so that passengers from Caoayan, Ilocos Sur, have lesser or no chance at all to get accommodation on these buses. There are other PUB auto-truck operators whose trips pass Vigan coming from farther north as claimed by the oppositors, but these buses do not enter Vigan and usually these buses are also full with passengers coming from the north. After going over the entire evidence of record, the Commission believes that public convenience and interests will best served if applicant would be allowed to operate Six (6) units only instead of the twelve (12) units applied for." [2]

Respondent Public Service Commission, in its decision, further found "that applicant is a Filipino citizen, legally and financially capable to operate and maintain the proposed service, the Commission believes that the oppositions filed in this case may be, as they are hereby [overruled] and the certificate of public convenience applied for may be as it is hereby [granted] to the applicant, * * *." [3] The usual conditions were attached, which, for the purposes of this opinion, need not be touched upon. The last portion of the decision was that it could take effect immediately, to become final thirty (30) days upon notice to the parties. [4]

In assailing the above decision, petitioner contends that respondent Public Service Commission erred in issuing the above certificate of public convenience as the evidence presented by respondent Gabatin was "insubstantial, inadequate and spurious"; that moreover again on the records and evidence of the case, respondent Gabatin "is unquestionably financially incapable of operating the proposed service"; that his "irresponsibility" and his "incompetence to operate a safe, efficient and adequate bus service" is evident on the records of respondent Commission; and that it was denied the "protection of the prior operator rule." [5] As will be evident, the above errors cannot be deemed persuasive, and the decision must be sustained.

It is to be noted that the jurisdiction of this Court to set aside any order, ruling or decision of the respondent Commission is predicated on it clearly appearing that there was no evidence before it to support reasonably such order, ruling or decision or that the same is contrary to law or outside its jurisdiction. [6]

From the assignment of errors, the statutory ground relied upon is the alleged absence of evidence. What is the interpretation accorded to such a provision by this Court? From *Philippine Shipowners Association v. Public Utility Commissioner*, [7] and *Ynchausti Steamship Co. v. Public Utility Commissioner*, [8] to *Robles v. Blaylock*, [9] a period of more than forty-five years, this Tribunal has invariably affixed the impress of finality on the findings of fact under the circumstance herein disclosed. For petitioner to allege the absence of evidence is to ignore what was testified to before the Public Utility Commission.

A set forth in a unanimous decision in one of the later cases, *Pangasinan Transportation Co. v. Feliciano*, [10] in an opinion by Justice Padilla. "It is a settled rule that the findings and conclusions of fact by the Public Service Commission after weighing the conflicting evidence adduced by the parties in public service cases are binding on the Supreme Court and will not be disturbed unless they appear not to be reasonably supported by evidence."

In the *Philippine Shipowners' Association* opinion, this Court expressly affirmed the validity of that principle even if "it might be true that, under the facts presented, this court would reach another and different conclusion, * * *." [11] In the *Ynchausti* decision, rendered the next year, this Court could speak of "the whole tenor and trend of modern legislation" as vesting the Public Utility Commission "with power to regulate and control the operation of public utilities" and conferring on such a body "a large, discretionary, administrative power", the exercise of which would not be interfered with by this Tribunal.

Subsequently, in a 1926 decision, *Philippine Shipowners' Association v. The Public Utility Commission*, [12] this Court reaffirmed the principle that only where the record did not show the decision by the then Public Utility Commission as not sufficiently supported by the evidence could it alter, modify, or even annul the same.

Then in *San Miguel Brewery v. Lapid*, [13] this Court held that it was not justified in substituting its judgment for that of the Public Service Commission, its power "being limited to reviewing its order and to see whether or not there is evidence in the case which reasonably supports the issuance of said order."

Subsequently, in *Calabia v. Orlanes*, [14] a 1931 adjudication this Court made it a condition sine qua non that an abuse of power be shown before the decision of the Public Service Commission could be reversed and modified.

In *Manila Electric Co. v. Balagtas*, [15] it was the view of Justice Malcolm, speaking for the Court, that there must

be a showing that "there was no evidence before the Public Service Commission to support reasonably its orders" before it could be reversed.

The next year, this Court, in *Ampil v. Public Service Commission*,^[16] restated the broad scope of the Commission's authority as to factual matters by holding that where in a given set of facts it is authorized to grant a certificate of public convenience, certain limitations imposed by it based on experience and not merely arbitrary, would not be interfered with by this Court, such exercise of discretion being respected.

The same year, in *Panay Autobus Co. v. Iloilo Transportation Co.*,^[17] this Court, again through the then Justice Hull, sustained an order of the Public Service Commission even if it entertained "fears that the commission has acted too leniently" inasmuch of "there is evidence in the record" upon which it could "arrive at the conclusion it did, * * *." Again the rule was non-interference.

At the start of the Commonwealth period, therefore, when the present Constitution became effective, the principle adopted was still such well-nigh conclusiveness of the findings of facts of the Public Service Commission. In two 1936 decisions, *Aleoson Transportation Co., Inc. v. Public Service Commission*,^[18] and *Javel v. La Paz Ice Plant*,^[19] the above doctrine was reaffirmed by this Court. Thus in the *Aleoson Transportation Co.* case, it refused to modify the conclusion reached by the Public Service Commission as to what public necessity and convenience required. In the *Javellana* decision, this Court announced that it is not permitted "to substitute its own decision" for that of the Public Service Commission and "is constrained by law to sustain the latter."

In *Gillea V. Halili*,^[20] this Court was quite explicit in holding that it "is certainly not the duty of this court to sift the evidence anew to find out for itself whether or not the preponderance of said evidence is such as will justify the order issued by the Public Service Commission."

In *Cebu Autobus Co. v. Bisaya Land Transportation*,^[21] after stating that in the final analysis the determination of the question as to the sufficiency of the evidence turned on the credibility of the witnesses testifying before it, there was an affirmance of the finding as this Court was unable to conclude that the decision should be set aside. Then in *Manila Electric Co. v. De Vera*,^[22] this Court, through the late Justice Laurel, referring to a report, which was part of the record elevated to it, with implication of serious character but not referred to by the Commission in its decision, spoke of "prudence on [its] part and fairness to all concerned" as demanding that it should "make no other pronouncement at this time than to affirm" as it did affirm the decision of the Commission.

In *Sambrano v. Red Line Transportation*,^[23] this Court stated that the Commission having held "that the public convenience demanded the establishment of said line" its order "appears to be justified," and concluded that it is not authorized to substitute its judgment for that of the Commission, by determining on its "own account, whether or not the public convenience demanded the establishment of said line or whether or not the same should be placed in the hands of the respondent Northern Luzon Transportation Co., Inc."

The same pattern of undeviating adherence to the doctrine of conclusiveness and finality of the findings of the Public Service Commission is discernible from the cases decided after independence, starting in 1947 from *Halili v. Ice & Cold Storage Industries of the Phil., Inc.*,^[24] to the 1968 decision, *Robles v. Blaylock*, previously cited.

In *Ice & Cold Storage Industries of the Phil., Inc. v. Valera*,^[25] this Court, through the then Justice Ozaeta stated categorically: "The Commission's findings of fact are conclusive upon this Court." In *Espiritu v. Los Baños*^[26] the same rule is expressed thus: "These findings of fact are conclusive upon this Court which cannot weigh the conflicting evidence and substitute its own conclusions in lieu of those made by the Commission." In *Lopez v. Batangas Transportation Co.*,^[27] there is a restatement of the above well-settled rule "that the Commission's findings as to facts are binding and conclusive upon us as long as they are reasonably supported by substantial

evidence, * * *."

The doctrine could be negatively phrased, as was done by former Chief Justice Bengzon with his preference for such phraseology as that the Commission's "stamp of approval is not without foundation"[28] or "is not unsupported by the evidence." [29]

To the same effect is the following brief summary of some of the implications of this doctrine of finality. Where the petition for review disputes merely the sufficiency of the evidence, the finding cannot be disturbed.[30] It is not for this Court to determine credibility and preponderance of proof nor to examine the proof de novo and determine for itself whether or not the preponderance of evidence really justifies the decision.[31] It is not to substitute its discretion for that of the Public Service Commission on questions of fact.[32] The lack of wisdom of the conclusion reached by the Public Service Commission affects neither its authority to decide nor the validity of its decision.[33]

The undeniable force of the above doctrine so consistently followed suffices to dispose of the first assigned error, namely, the alleged insubstantial, inadequate and spurious character of the evidence of respondent Gabatin. For a mere assertion is not the equivalent of proof. Neither is the second error, dealing with the alleged financial incapability of respondent Gabatin to operate the proposed service, meritorious. As was held by this Court in *Sorita v. Public Commission*, [34] the opinion being penned by Justice Regala: "The attack on the respondent-applicant's financial capacity cannot be seriously entertained in this appeal. The finding of the Public Service Commission thereon is essentially a factual determination which in a host of cases, this Court said it will not interfere unless patently unsupported by evidence. A review of the records of this case do not warrant such an interference." The third error imputed to respondent Commission to the effect that it ignored its own records, which, according to petitioner, "are replete with evidence of the applicant's irresponsibility and incompetence to operate a safe, efficient and adequate bus service, "is not any more persuasive as essentially it is likewise grounded on factual considerations. Evidently respondent Commission which could not have been un-aware of what its records contained reached a conclusion opposed to that of petitioner. Such a finding is binding upon us.

That leaves the fourth assigned error, petitioner complain-ing that respondent Public Service Commission denied to it the protection of the prior operator rule. In support of the above alleged grievance, petitioner cited extensively from the opinion in the 1928 decision of *Batangas Transportation Co. v. Orlanes*, [35] decided on December 19, 1928. In addition, reference was made to *Mejica v. Public Service Commission*, [36] where parentheti-cally, it may be observed Justice Malcolm cautioned against this Court interfering in the exercise of the power conferred on the Commission which "should not be hampered by technical obstruction." Even then as already noted, the principle was for this Court not substituting its judgment for that of this administrative agency "if there be evidence before it supporting its order." The other case cited is *Bohol Land Transportation v. Jureidini*. [37]

It is to be admitted that the *Batangas Transportation Co.* decision was rather generous in its appraisal of the preferential right of the first operator and the need "to protect and preserve investments" already made for that purpose. However, desirable such an approach might have been 40 years ago in the light of the then environmental circumstances, petitioner should be aware that time and the changes brought by it have eroded the force of the above dictum. It would be too far-fetched to assert now that in each and every case the prior operator rule as thus understood automatically call for application, the public interest as deter-mined by the Public Service Commission to the contrary notwithstanding. Only recently, in *Teresa Electric Power Go. v. Public Service Commission*, [38] Justice Dizon succinctly restated the doctrine thus: "While it is true that operators of public convenience and service deserve some protection from unnecessary or unlaw-ful competition, yet the rule is that nobody has any exclusive right to secure a franchise or a certificate of public convenience. Above any or all

considerations, the grant of franchises and certificates of public convenience and service should be guided by public service and interest; the latter are the primordial considerations to be taken into account." Clearly then, this last error assigned cannot be deemed meritorious. The correctness of the decision under review has not been successfully impugned.

WHEREFORE, the decision of the Public Service Commission of March 8, 1965, granting respondent Prospero Gabatin a certificate of public convenience for the operation of six (6) auto-trucks on the line Caoayan (Ilocos Sur) - Grace Park (Caloocan City) via Vigan subject to the conditions imposed therein, affirmed. With costs against petitioner Philippines Rabbit Bus Lines, Inc.

Concepcion, C.J., Reyes, JBL, Dizon, Makalintal, Zaldivar, Sanchez, Ruiz Castro, and Angeles, JJ., concur.

[1] Annex A, Brief for Petitioner, p. 38.

[2] Ibid, pp. 38-39.

[3] Ibid p. 39.

[4] Ibid, p.47.

[5] Ibid, p. 6.

[6] Section 35 of Commonwealth Act No. 146, approved on November 7, 1936 reads: "Section 35. The Supreme Court is hereby given jurisdiction to review any order, ruling, or decision of the Commission and to modify or set aside such order, ruling or decision when it clearly appears that there was no evidence before the Commission to support reasonably such order, ruling or decision, or that the same is contrary to law, or that it was without the jurisdiction of the Commission. The evidence pre-sented to the Commission, together with the record of the proceedings before the Commission, shall be certified by the Secretary of the Commission to the Supreme Court, Any order, ruling, or decision of the Commission may likewise be reviewed by the Supreme Court upon a writ of certiorari in proper cases. The procedure for review, except as herein provided, shall be prescribed by rules of the Supreme Court." To the same effect was a provision in Article 35 of Act 3108 approved on March 19, 1923. In Act 2307, a 1913 statute, the two grounds provided for were the absence of evidence to support reasonably the order of the Board of Public Utility Commission or that the same was without his jurisdiction.

[7] 43 Phil. 328 (1922).

[8] 44 Phil. 363 (1923).

[9] L-24123, March 27, 1968.

[10] L-14401, August 31, 1962.

[11] 43 Phil. 328, 332 (1922).

[12] 51 Phil, 957

[13] 53 Phil. 539, 543 (1929).

[14] 55 Phil. 659.

[15] 58 Phil. 429, 435 (1933).

[16] 59 Phil. 556 (1934).

[17] 60 Phil. 135, 137 (1934).

[18] 63 Phil. 523.

[19] 63 Phil. 621. The following cases all decided in the Commonwealth era show that the above principle was constantly and uninterruptedly followed: *Gilles v. Halili*, 65 Phil. 738. (1938); *Manila Electric Co. v. Pasay Transportation Co.*, 66 Phil. 36 (1938); *Cebu Autobus Co. v. Bisaya Land Transportation Co.*, 66 Phil. 63 (1938); *Manila Electric Co. v. De Vera*, 66 Phil. 161 (1938); *Bulacan Bus Co. v. Enriquez*, 66 Phil. 454 (1938); *Sambrano v. Red Line Transportation Co.*, 68 Phil. 652 (1939); *A. L. Ammen Transportation Co. v. Weber*, 70 Phil. 33 (1940) and *San Miguel Brewery v. Espiritu*, 72 Phil. 344 (1941).

[20] 65 Phil. 738, 742 (1938).

[21] 66 Phil. 63 (1938).

[22] 66 Phil. 161 (1938).

[23] 68 Phil. 652 (1939).

[24] 77 Phil. 823.

[25] 85 Phil. 7 (1949).

[26] L-7121, July 30, 1955.

[27] 105 Phil. 649, 653 (1959).

[28] *Halili v. Balane*, 88 Phil. 450, 452 (1951).

[29] *Red Line Trans. v. Jurado*, 94 Phil. 1045 (1954).

[30] *Red Line Trans. v. Taruc*, 95 Phil. 73 (1954).

[31] *Santiago Ice Plant Co. v. Lahoz*, 87 Phil. 221 (1950).

[32] *Batangas Transportation v. Laguna. Trans. Co.* L-9185, December 27, 1957.

[33] *Zarate v. Rizal-Manila Transit*, 105 Phil. 1334 (1959). A by no means complete list of cases follows: *Halili v. Ice & Cold Storage Industries*, 77 Phil. 823 (1947); *Joson v. Santos*, 79 Phil. 381 (1947); *Cebu Transit Co. v. Public Service Commission*, 79 Phil. 386 (1947); *Corpuz v. Public Service Commission*, 79 Phil. 444 (1947); *Limjoco v. Intestate Estate of Fragante*, 80 Phil. 776 (1948); *Pampanga Bus Co. v. Ablaza*, 83 Phil. 905 (1949); *Mateo v. Public Service Commission*, 84 Phil. 482 (1949); *Ice & Cold Storage Industries v. Valero*, 85 Phil. 7 (1949); *Santiago Ice P1 ant Co. v. Lahoz*, 87 Phil. 221 (1950); *Interprovincial Autobus Co. v. Mabanag*, 88 Phil. 66 (1951); *Ablaza Trans. Co. v. Ocampo*, 88 Phil. 412 (1951); *Halili v. Balane*, 88 Phil. 540 (1951); *Interprovincial Autobus Co. v. Lubaton*, 89 Phil. 516 (1951); *Everett Steamship Corp. v. Chuahiong*, 90 Phil. 64 (1951); *Negros Ice Storage v. Public Service Commission*, 90 Phil. 138 (1951); *Manila Yellow Taxicab v. Public Service Commission*, 90 Phil. 301 (1951); *Raymundo Trans. v. Cervo*, 91 Phil. 313 (1952); *Javellana v. Barilea*, 92 Phil. 60 (1953); *Pangasinan Trans. v. F. F.* 95 Phil. 694 (1954); *Transport Contractors v. Public Service Commission*, 95 Phil. 744 (1954); *Ray-mundo Trans. v. A. G. Tanchingco*, 97 Phil. 105 (1956); *Vda. de Medina v. Cresencia*, 99. Phil. 506 (1956); *Dagdag v. Public Service Commission*, 104 Phil. 162 (1958); *Manila Railroad v. Pangasinan Trans.*, 104 Phil. 238 (1958); *Batangas Trans. v. Laguna Trans.*, 104 Phil. 992 (1958); *Lopez v. Batangas Trans.*, 105 Phil. 648 (1959); *Jugueta v. Public Service Commission*, 105 Phil. 721 (1959); *Pangasinan Trans. v. Times Trans. Co.*, L-13080, Dec. 29, 1959; *Pangasinan Trans. v. Nastor*, L-14417, April 30, 1960; *Manila Yellow Taxicab v. Castelo*, L-13910, May 30, 1960; *Valdez v. Public Service Com-mission*, L-13837,

May 30, 1960; Pangasinan Trans. v. Feliciano, L-14401, Aug. 31, 1962; Flash Taxicab Co. v. Cruz, L-15464, March 30, 1963; La Mallorca v. Mendiola, L-19558, Nov. 29, 1963; Red Line Trans. v. Barrizo, L-19304, Aug. 31, 1964; West Leyte Trans. Co. v. Salazar, L-15418, Sept. 30, 1964; Halili v. Daplas, L-20282, May 19, 1965; Caseñas v. Caliguen, L-19807, Aug. 10, 1965; Del Pilar Transit v. Silva, L-21547, July 15, 1966; Bachrach Trans. v. Camunayan, L-21168, Dec. 16, 1966; Red Line Trans. v. Santo Tomas, L-18584, Jan. 30, 1967; Tan v. Public Service Commission, L-22306, Mar. 18, 1967; and Robles v. Blaylock, L-24023, Mar. 22, 1968.

[34] L-20965, October 29, 1966. See also Robles v. Blaylock, L-24123, March 27, 1968, which speaks to this effect: "First. Implicit in the PSC decision is its finding that Robles is financially fit to increase its taxicab service by ten units only. This cannot be disturbed by this Court, unless unsupported by substantial evidence." Valle Bros., Inc. v. Public Service Commission, L-18694, January 31, 1966; Del Pilar Transit, Inc. v. Silva, L-21547, July 15, 1966; A. L. Ammen Transportation Co., Inc. v. Japa, L-19643, July 26, 1966; Mandaluyong Bus Co. v. Enrique, *infra*; Sorita v. Public Service Commission, L-20965, October 29, 1966; Bachrach Transportation Co., Inc. v. Camunayan, L-21168, December 16, 1966; Red Line Transportation Co., Inc. v. Santo Tomas, 1967A Phil. 126, 128-129, citing Mindoro Transportation Co., Inc. v. Torcuator, L-18479, February 28, 1963, and Pangasinan Transportation Co., Inc. v. Tambot, 95 Phil. 661.

[35] 52 Phil. 455.

[36] 49 Phil. 774 (1926).

[37] 53 Phil. 560 (1929).

[38] L-21804, Sept. 25, 1967. In Robles v. Blaylock, L-24123, March 27, 1968, this Court likewise stated that existing operators "cannot be given preference to increase their equipment if 'they fail in their obligation to apply for such increase at the time when necessity arose.'" The quoted portion comes from Mandaluyong Bus Co. v. Enrique, L-21964, Oct. 19, 1966. It was likewise held by us that a prior operator who as in this case denied the need for more units may not invoke the prior operator rule. Republic v. Macondray & Co., L-19558, April 29, 1966.

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.