

**MAGNA RUBBER MANUFACTURING CORPORATION, PETITIONER,
VS. FRANKLIN M. DRILON, IN HIS CAPACITY AS SECRETARY OF THE
DEPARTMENT OF LABOR AND EMPLOYMENT, DIONISIO C. DE LA
SERNA, IN H...**

G.R. No. 81771. December 29, 1988

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

In this petition for certiorari under Rule 65 of the Rules of Court, the principal issue to be resolved is whether or not the public respondents committed a grave abuse of discretion in the issuance of the order dated February 18, 1987, holding that petitioner did not present proof of its financial difficulties to justify the temporary lay-off of some of its employees, and in refusing to admit the petitioner's financial statement to prove such financial difficulties. The petitioner also assails the order dated October 13, 1987, denying the petitioner's motion for reconsideration. In brief, petitioner alleges denial of due process of law on account of the allegedly capricious and whimsical orders of public respondents.

When public respondents attempted to implement and execute their questioned orders, petitioner filed an Urgent Motion for Preliminary Injunction.[1] On March 16, 1988, this Court issued a temporary restraining order, effective immediately and until further orders, enjoining public respondents from executing the question order.[2] The petitioner was required to post a P50,000.00 bond.[3]

The Solicitor General commented that public respondents committed a grave abuse of discretion in the issuance of the questioned orders and recommended that the respondent Secretary of Labor be required to remand the financial statement of petitioner to the respondent Regional Director for the latter to consider in the petitioner's application for clearance for the temporary lay off/dismissal of private respondents.[4]

Private respondent Adelaida Legaspi Hernandez commented that the petition was filed out of time.[5] This Court gave due course to the petition on April 6, 1988.[6]

In her memorandum, private respondent Adelaida Legaspi Hernandez again asserted that the petition was filed out of time.[7] The Solicitor General did not file any memorandum as he joined the cause of the Petitioner.[8]

The undisputed facts are:

On September 12, 1980, the petitioner, through its President and General Manager, Mr. Roberto G. Limjoco, filed with the then Ministry of Labor an application for clearance for the temporary lay-off/dismissal of some of its employees on the ground of business losses, including Adelaida Hernandez, Danilo Rocabo, Edgardo Yambao and Felizardo Salvador. On September 24, 1980, the four aforementioned employees filed with the Ministry of Labor and Employment, National Capital Region, a complaint against petitioner corporation for illegal dismissal, discrimination, and for violation of Presidential Decree No. 1713. The case was docketed as Case No. NCR-STF-9-5477-80, entitled "Adelaida Legaspi Hernandez, et al. vs. Magna Rubber Manufacturing Corporation

and/or Roberto G. Limjuco." Before the petitioner could file its position paper, complainants Danilo Rocabo and Edgardo Yambao recognized their employer's need to discharge some employees because of financial losses and signed the quitclaim and release in favor of petitioner and its officers. They also moved for the dismissal of the case with prejudice with respect to them.

On November 10, 1980, petitioner filed its position paper where, among other things, it reiterated the reason for the temporary lay-off of seven employees to minimize actual, present and impending financial losses. On February 10, 1981, petitioner filed an Addendum to Position Paper, wherein it submitted the financial statement of petitioner as of the end of September, 1980, showing losses suffered by the petitioner due to the oil crisis which was felt by the industry beginning April, 1980. Petitioner alleged that the losses resulted from increased cost of operating expenses as well as a decrease in the number of purchase orders from companies directly affected by the increase in oil prices, such as Norkis Trading; Ford Philippines, Inc., Canlubang Automotive Resources Corporation and other customers similarly situated. Petitioner also alleged that it has reduced the number of shifts in the production line-from 3 to 2.

On April 24, 1981, Director Francisco L. Estrella of the Ministry of Labor, National Capital Region, promulgated an order denying the clearance application filed by petitioner and directed the reinstatement of private respondents Hernandez and Salvador on the ground that petitioner did not present proof to substantiate its contention that it was experiencing financial difficulties and sustaining actual and impending losses.

On May 8, 1981, petitioner filed a Motion For Reconsideration And/Or Appeal assailing the Order dated April 24, 1981 contending that Director Estrella committed a grave abuse of discretion when he concluded that petitioner did not present evidence of its financial difficulties because petitioner attached its financial statement to the Addendum to Position Papers filed on February 10, 1981. Said financial statement showed that it suffered losses because of the oil crisis. For the months of October, November and December of 1980, it appears that petitioner suffered losses, in that while petitioner had a net income of P102,181.00 in 1979, it suffered a loss of P36,923.00 in 1980.

On May 13, 1981, the entire record of Case No. NCR STF-9-5477-80 was forwarded to the Minister of Labor and Employment. The Motion For Reconsideration was treated as an appeal. On February 18, 1987, respondent Secretary of Labor promulgated the questioned Order affirming the order of Director Francisco L. Estrella dated April 24, 1981 dismissing petitioner's Motion For Reconsideration And/Or Appeal.

The reason stated by respondent Secretary in his order is that the petitioner did not submit its alleged financial statement and although it is alleged that it submitted the same, a careful examination of the record of the case showed that the financial statement was not attached to the record. Thus, the respondent Secretary concluded that Director Estrella did not err when the latter stated that petitioner did not present evidence of its alleged financial reverses. Respondent Secretary refused to admit the financial statement marked as Annex "A" to petitioner's Motion For Reconsideration And/Or Appeal, for the reason that it was submitted for the first time on appeal. Petitioner's motion for reconsideration of the public respondent's order was denied. Hence, this petition.

We find that this petition was filed within a reasonable and that it is meritorious indeed.

When this Court gave due course to the petition on April 6, 1988 and issued a temporary restraining order earlier on March 16, 1988, it was too late for private respondent Adelaida Hernandez to question the timeliness of the filing of this petition (the only issue she raised) both in her comment and memorandum. A special civil action of certiorari and prohibition may be filed within a reasonable time.[9]

As to the principal issue of the alleged grave abuse of discretion on the part of the public respondent Secretary in

affirming the order of the Regional Director finding that petitioner did not submit evidence of its financial difficulties because the records of the Docket Section of the Department of Labor and Employment, National Capital Region, do not show that the financial statement filed by the petitioner was attached to the record. We are convinced that public respondent Secretary committed a grave abuse of discretion.

It is patently clear that on February 10, 1981, petitioner, submitted to the then Ministry of Labor and Employment, National Capital Region, its financial statement of 1980 by way of its Addendum to Position Paper. It was received and stamped by the Central Docket Section. There is no doubt that it was received by the Docket Section of the National Capital Region office.

Thus, if it is true that the financial statement was not in the records of the case when the case was under review by the respondent Secretary, the latter should have ordered an investigation or search for the missing financial statement. It was arbitrary for the public respondent to immediately conclude that petitioner did not present any evidence of its financial difficulties just because the financial statement that was submitted was missing from the records. As pointed out by the Solicitor General, the public respondent should have ordered his subordinates to find out the reason why the financial statement was missing from the record of the case.

The respondent Secretary could have required petitioner to reconstitute the record or, at least, have the case remanded to the Regional Director with instructions for the latter to inquire about the missing financial statement. The nasty conclusion of the respondent Secretary to the effect that petitioner did not present evidence of its financial predicament was too sweeping.

Technical rules of evidence are not binding in labor cases.[10] The Labor Officials should use every and all reasonable means to ascertain the facts in each case speedily and objectively, without regard to technicalities of law or procedure, all in the interest of due process.

This Court holds that even assuming that no financial statement was submitted at the regional level, the fact that it was submitted on appeal to the public respondent Secretary is a cogent basis for the latter to consider said evidence to have been submitted, instead of falling back on the technicality that said evidence can no longer be admitted on appeal. Respondent Secretary exercises quasi-judicial functions wherein the rules of technicality should give way to equity and fairness.

In *Columbia Development Corporation vs. Hon. Minister of Labor and Employment*,[11] We held that evidence submitted on appeal should be admitted and considered in keeping with the directive of Article 221 of the Labor Code of the liberal application of the rules.

As to the issues raised by public respondents in their Comment and/or Memorandum[12] as to the legality of the lay-offs or dismissals, or the sufficiency of the financial statement to prove financial distress, We find that such issues are not relevant to the issue raised in this petition. Our concern here is the alleged grave abuse of discretion on the part of the public respondents and the denial of due process to the petitioner by the flagrant disregard of the evidence presented.

WHEREFORE, the instant petition is hereby GRANTED. The questioned orders dated February 18, 1987 and October 13, 1987 of public respondents are SET ASIDE. The case is REMANDED to the Department of Labor and Employment with instructions for the public respondents to admit petitioner's financial statement showing its financial reverses in 1980 and to act according without further delay in accordance with the evidence presented. The temporary restraining order issued earlier by this Court is made permanent and the P50,00.00 bond posted by petitioner is cancelled. No costs.

SO ORDERED.

Cruz, (Acting Chairman), Griño-Aquino, and Medialdea, JJ., concur.
Narvasa, J., on leave.

[1] Pages 86-107, Rollo.

[2] Page 114, Rollo.

[3] Pages 121-122, Rollo.

[4] Pages 132-139, Rollo.

[5] Pages 141-143, Rollo.

[6] Page 146, Rollo.

[7] Pages 147-149, Rollo.

[8] Page 158, Rollo.

[9] Rule 65, Rules of Court; Cubar vs. Mendoza, 120 SCRA 768, 773 (1983).

[10] Art. 221, Labor Code.

[11] 146 SCRA 421 (1986).

[12] Pages 201-219, Rollo.

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