COURT OF APPEALS DECISION

Francisco College, Inc., petitioner vs. Gonzalo W. Gonzales, Commissioner of the Social Security Commission and Social Security System, respondents, CA-G.R. No. 31020-R, May 24, 1963, Piccio, J.

1. SOCIAL SECURITY ACT; OBJECTIVES OF THE LAW.—The Social Security Act has for its fundamental objective, the protection not only of its employees but also the employers as well. The law has intended to devise a system which would enhance and promote free enterprise by providing for the means, the requirements and the needs of both capital and labor. We preceive from its provisions such unwritten law and policy as would deny the conversion of the Act to squeeze contributions from organizations and institutions at any cost irrespective of their ability or inability to effect such contribution.
2. SOCIAL SECURITY COMMISSION; HEARING CONDUCTED BY A COMMISSIONER; FINDINGS TO BE REPORTED TO THE COMMISSION IN BANC; PROCEEDINGS NOT ADEQUATE WHERE EVIDENCE ARE NOT COMPLETE.—Petitioner contended that, as far as procedural requirements are concerned, the initial hearing in question had not been by the Commission in banc but by one of its members who had to report his findings eventually to the Commission in banc for corresponding decision on the case. Verily, the proceedings in such a hearing could not be considered adequate for the Commission in banc to act upon if the records — consequently the evidence — are not complete.
3. ID.; ID.; BARRING INTRODUCTION OF EVIDENCE AMOUNTED TO DENIAL TO BE HEARD AND TO DEFEND.—It is vigorously contended by petitioner that Exhibits D, D-1 to D-11 are of vital importance to its evidence and barring their introduction, moreover, their consideration, would be tantamount to a denial to petitioner of its inherent rights to be heard and defend itself fully. This condition is more evidently projected in situations such as this obtaining in the instant case, considering that the sanctions imposed by the Security Act — which might possibly be imposed upon petitioner — are punitive in nature. The law itself, being apparently in its swaddling clothes, is but an experiment, so much so that the vast, noble crusade of our government to improve the conditions of labor should proceed not altogether oblivious of the, at times, precarious position of capital. The groundwork for such an experiment must have to stand firmly on reasons and equity.
4. ID.; ID.; ID.; PETITIONER BE ALLOWED TO PRESENT ITS EVIDENCE IN ORDER TO ATTAIN PROPER ADMINISTRATION OF JUSTICE, EVEN A LITTLE DELAY MAY BE CAUSED THEREBY.—The granting of the instant petition, although implying another extension of time, appears necessary — for a complete submission of facts as alleged by petitioner — to enable the Commission in banc to pass upon the issue or issues properly, adequately and thoroughly in the interest of justice. While controversies of this nature should be promptly passed upon and decided, yet when the element of time needs a little stretching in order to properly attain the objectives in the administration of justice, a little more delay caused thereby may be suffered. Form must be subordinated to substance, and speed, not being in itself definite, must be reconciled to the inclemencies of attendant circumstances. Thus, in the instant controversy, the requirements of substantial justice would inquisitively prompt us to consider the introduction and eventual consideration of the import of Exhibits D, D-1 to D-11 and accord them the importance that they may possibly deserve. To deny this would appear to be a grave abuse of discretion on respondent's part.

DECISION

The instant petition is for the issuance of a writ of preliminary injunction to restrain respondent Hon. Gonzalo W. Gonzales, then Commissioner of the Social Security Commission and the Social Security System from taking further action in Case No. 163, then pending under it — until proper final determination of said case on the merits, thus annulling the order complained of, and eventually requiring respondent Commissioner to either give petitioner a chance to submit and identify Exhibits D, D-1 to D-11, inclusive, in connection with the trial on the merits of the case or requiring respondent to examine and consider the import of those books of accounts of petitioner.

The facts have disclosed that petitioner, having been required by respondent to submit itself under the purview of the Social Security Act, particularly Sections 22 and 24 thereof, a corresponding hearing was had. After both parties have been heard, in a motion dated June 5, 1962, petitioner prayed for the re-opening of the case so as to allow petitioner to submit and identify certain documents marked Exhibits D, D-1 to D-11, inclusive, appearing to be records, documents and books pertaining to its operation and with which to establish that the petitioner-College has been losing heavily and was not, therefore, in a position to contribute to the funds of the Social Security System.

This motion was subsequently denied by respondent Commissioner on the ground that the move has been allegedly devised to unnecessarily delay the proceedings, and this because of previous repeated petitions to transfer the hearing dated October 11 and 23, 1961, December 4, 1961 and February 8, 1962 — thus implying that respondent Commissioner, in denying the instant petition for the re-opening of the case, has not abused his discretion, much less violated the law.

We have thoroughly examined the voluminous record of the case — which revealed that such repeated petitions for postponement had really been prayed for by petitioner and that the proceedings had been pending for sometime to date.

Be this as it may, the interests of substantial justice would require that parties—litigants be accorded the furthest measure of opportunities with which to defend themselves. Petitioner insists that the documents (Exhibits D, D-1 to D-11) are vital to the maintenance of its position, above all, necessary in the final solution of the issue involved. Although not introduced on time, perhaps through inadvertence by previous counsel, they, however, constitute evidence **allunde**.

Petitioner contends that the aforementioned documents (Exhibits D, D-1 to D-11) when properly considered will establish that petitioner has for years since its foundation, notwithstanding the competency of its management and conduct of its affairs, been losing heavily to such extent as to leave the same unable and incapable of meeting the demands of the Social Security Act. The Social Security Act, we glean from its provisions, hsa for its fundamental objective, the protection not only of its employees but also the employers as well. The law has intended to devise a system which would enhance and promote free enterprise by providing for the means, the requirements and the needs of both capital and labor. We perceive from its provisions such unwritten law and policy as would deny the conversion of the Act to squeeze contributions from organizations and institutions at any cost irrespective of their ability or inability to effect such contribution.

Petitioner adds that, as far as procedural requirements are concerned, the initial hearing in question had not been by the

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Commission in banc but by one of its members who had to report his findings eventually to the Commission in banc for corresponding decision on the case. Verily, the proceedings in such a hearing could not be considered adequate for the Commission in banc to act upon if the records — consequently the evidence — are not complete.

And it is vigorously contended by petitioner that Exhibits D, D-1 to D-11 are of vital importance to its evidence and barring their introduction, moreover, their consideration would be tantamount to a denial to petitioner of its inherent rights to be heard and defend itself fully. This condition is more evidently projected in situations such as this obtaining in the instant case, considering that the sanctions imposed by the Security Act — which might possibly be imposed upon petitioner — are punitive in nature. The law itself, being apparently in its swaddling clothes, is but an experiment, so much so that the vast, noble crusade of our government to improve the conditions of labor should proceed not altogether oblivious of the, at times, precarious position of capital. The groundwork for such an experiment must have to stand firmly on reasons and equity.

The granting of the instant petition, although implying another extension of time, appears necessary — for a complete submission of facts as alleged by petitioner — to enable the Commission in banc to pass upon the issue or issues properly, adequately and thoroughly in the interest of justice. While controversies of this nature should be promptly passed upon and decided, yet when the element of time needs a little stretching in order to properly attain the objectives in the administration of justice, a little more delay caused thereby may be suffered. Form must be subordinated to substance, and speed, not being in itself definite must be reconciled to the inclemencies of attendant circumstances.

Thus, in the instant controversy, the requirements of substantial justice would inquisitively prompt us to consider the introduction and eventual consideration of the import of Exhibits D, D-1 to D-11 and accord them the importance that they may possibly deserve. To deny this would appear to be a grave abuse of discretion on respondent's part.

Petition is hereby granted, reiterating the writ of preliminary injunction already issued, thus restraining respondent Honorable Commissioner or the Commission itself, from taking further action in Case No. 163 aforementioned until the final determination of the same on its merits, the corresponding hearing to be conducted by respondents accordingly. Without costs.

Piccio, Narvasa Rodriguez, JJ., concurred.

THE VALUE OF PRECEDENT*

"As a general rule, a court follows the old beaten track of precedents, without stopping to inquire in the reasons upon which they rest, until it discovers that to follow it in some particular case will result in great hardship or manifest injustice, when, for the first time, it feels itself bound to reconsider the reasons upon which the precedents it has hitherto followed rest, and upon such reconsideration it may find that the grounds upon which the original case was decided are not sound, and that all the subsequent cases have simply followed it without examining the reasons upon which it rests, or it may turn out that the reasons upon which the original case was decided have ceased to exist. In either of the cases supposed, where the case has not become a rule of property, the court should disregard the precedents, and announce such a rule as is consonant with reason and justice. The value of every case as a precedent, which is not founded upon some statutory provision and has not become a rule of property, depends entirely upon the reasons which supported it. If it is founded upon a misapprehension of facts, or is supported by false logic, or the reasons upon which it rests have ceased to exist, and the case has not become a rule of property, it should be disapproved, and no longer be recognized as authoritative."

*Mulkey, J., in Dodge v. Cole, 97 III 338, 37 Rep. 111.

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decision in favor of appellee on October 21 of the same year. Said decision became final and executory and the corresponding writ of execution was issued on December 5, 1959. On the 16th of the same month and year, appellant filed the petition for relief mentioned heretofore, to which appellee interposed a written opposition. After a hearing on the petition, the Court denied the same because it did "not comply with the provisions of the Rules of Court with respect thereto. Besides, the said Motion for Relief from Judgment is not supported by the corresponding affidavit of merit and does not allege any showing of fraud, accident, mistake or excusable negligence to serve as a valid basis of the petition."

The order appealed from must be affirmed.

While the petition for relief was verified, it sets forth no fact or set of facts sufficient to constitute one of the grounds for relief under Rule 38 of the Rules of Court. And as the lower court stated in the appealed order, the petition was not accompanied with an affidavit of merit.

We notice, however, that on pages 12 to 15 of the Record on Appeal, there appears an affidavit of merit subscribed by Cornelio Ruperto, counsel for appellant in this case, as well as in Civil Case No. Q-4290. As it appears printed after the opposition filed by appellee in which the insufficiency of the petition for relief was raised because of the absence of an affidavit of merit to support the same, it may be presumed that this affidavit was prepared to meet and solve the situation. It is, however, clearly insufficient to cure the defect of the petition, because the allegations of fact made therein do not prove either fraud, accident, mistake or excusable negligence, nor do they show a valid defense in favor of the party seeking relief.

WHEREFORE, the order appealed from is affirmed, with costs.

Bengzon, C.J., Padilla, Bautista Angelo, Concepcion, J.B.L. Reyes, Barrera, Paredes, Regala, and Makalintal, JJ. concurred.

Labrador, J., Took no part.

E R R A T A TO APRIL, 1963 ISSUE

Insert the phrase "provision prohibiting" after the word "constitutional" on p. 98 left side 9th line from the top.

Insert the phrase "and to remain in power" after the word "power" on p. 98, right side last line.

On p. 100, omit the last two lines on the right side of the page except the word "equal,".

Insert the sentence "counsel for plaintiff sent to the GSIS through the manager" after the word "property" on p. 103 in the case of Francisco vs. GSIS, left side 8th line from the bottom.

Omit in the same case, same page, the phrase "to the GSIS through the manager plaintiff sent" in the last two lines on the left side of the page.

In the same case on p. 104, left side, omit the phrase "and the actual price" on the 13th line from the bottom of the page.

In the same case on p. 104, left side, omit the phrase "in Art. 2203 of the Civil Code, such absence is" after the word "enumerated" in the 11th line from the top of the left side of the page.

Insert the word "no" after "that" onp. 108, left side, on the 19th line from the bottom.

On p. 122 after the word "motion" on the left side of the page, 5th line from the top, insert the phrase "is necessary and without proof of service thereof, a motion".