

**G.R. No. 132988 (2000)**

**AQUILINO Q. PIMENTEL JR., petitioner,**

**vs.**

**Hon. ALEXANDER AGUIRRE in his capacity as Executive Secretary, Hon. EMILIA BONCODIN in her capacity**

**as Secretary of the Department of Budget and Management, respondents.**

**Facts:**

In the case of Aquilino Q. Pimentel Jr. v. Hon. Alexander Aguirre and Hon. Emilia Boncodin, the petition arose from the issuance of Administrative Order No. 372 by President Fidel V. Ramos on December 27, 1997, which sought to impose economy measures on all government agencies, including local government units (LGUs), for fiscal year 1998. Section 1 of AO 372 required LGUs to reduce expenditures for non-personal services by at least 25 percent, and Section 4 directed the withholding of ten percent of their internal revenue allotments (IRAs) pending evaluation by the Development Budget Coordinating Committee. The petitioner argued that these directives effectively amounted to the President exercising control over LGUs, contrary to the Constitution, which grants the President only general supervision over local governments. Petitioner claimed that the withholding of IRA shares contravened Section 286 of the Local Government Code and Section 6, Article X of the Constitution, which guarantee the automatic release of LGU shares from national internal revenues.

In response, the Solicitor General contended that AO 372 was a temporary measure intended to address economic difficulties due to peso depreciation and that it fell within the President's power of supervision. The withholding of ten percent of IRA shares was described as temporary and consultative, pending review by the Development Budget Coordinating Committee. The government maintained that Section 1 was directory, advisory in character, and did not compel LGUs to act contrary to their autonomy.

Roberto Pagdanganan, then governor of Bulacan and president of the League of Provinces of the Philippines, intervened in the case, joining Pimentel in seeking the nullification of the Order insofar as it affected LGUs. The intervention rendered moot any challenge to Pimentel's standing, and the Court proceeded to address the constitutionality of AO 372.

The Supreme Court examined the scope of the President's power of supervision and the principle of local autonomy. It reiterated that supervision allows the President to see that LGUs perform their duties according to law but does not include control,

which would permit the President to dictate or modify LGU actions. The Court cited previous rulings in *\*Mondano v. Silvosa\**, *\*Taule v. Santos\**, and *\*Drilon v. Lim\**, emphasizing that supervision is oversight without authority to prescribe methods or substitute judgment, whereas control enables interference in execution.

The Court also reviewed the extent of local fiscal autonomy, highlighting that LGUs are entitled to determine budget priorities and have their share of national internal revenues automatically released. The Constitution and the Local Government Code prevent the national government from imposing liens or holdbacks on these funds. While the President may supervise LGU programs to ensure alignment with national goals, such supervision cannot override the constitutionally guaranteed fiscal independence of LGUs, nor could it dispense with the requirements set forth in Section 284 of the Local Government Code, which permits adjustments to IRA only under specific conditions, including consultations with the presiding officers of both Houses of Congress and presidents of the local government leagues.

The Court analyzed AO 372 in light of these principles. Section 1, although written in a commanding tone, was held to be advisory in nature, encouraging LGUs to exercise fiscal prudence during economic difficulties without imposing sanctions or legally binding requirements. However, Section 4, which mandated the withholding of ten percent of LGU IRA shares, was deemed invalid. The Court ruled that this provision contravened the Constitution and the Local Government Code, which guarantee the automatic release of IRA shares and prohibit any holdback by the national government. The Court stressed that the President, even in times of economic crisis, cannot unilaterally withhold LGU funds without meeting the specific statutory prerequisites for adjustment, including proof of an unmanageable national deficit and proper consultation.

Justice Santiago M. Kapunan's dissent argued that the petition was premature, that AO 372 fell within the President's authority as chief fiscal officer, and that the withholding was justified under circumstances of potential fiscal imbalance. The majority rejected these arguments, noting that the dispute concerned the legality of the Order itself, not its execution, and that no consultation with LGUs or Congress had occurred, as required by law. The Court emphasized that good intentions cannot justify acts outside the parameters of the Constitution.

Ultimately, the Supreme Court granted the petition, permanently prohibiting respondents from implementing Administrative Orders 372 and 43 insofar as they applied to local government units. The Court distinguished between the advisory measures in Section 1, which were upheld, and the impermissible holdback in

Section 4, which violated local autonomy and constitutional guarantees. The decision reinforced the principle that while the President may exercise general supervision over LGUs, he may not exercise control over their fiscal resources or compel actions beyond legal and constitutional authority, underscoring the balance between national oversight and local autonomy in public administration.

**Issue & Ruling:**

Whether or not the President of the Philippines, through Administrative Order No. 372 and its amendment AO 43, exceeded his constitutional power of general supervision over local government units by directing them to reduce expenditures by 25% and by withholding a portion of their internal revenue allotments.

SC ruled yes as to the withholding of a portion of the LGUs' internal revenue allotments, and no as to the directive to reduce expenditures. The Court explained that Section 1 of AO 372, directing LGUs to implement cost-reduction measures, was merely advisory in nature and consistent with the President's power of supervision, encouraging fiscal prudence during economic difficulties. However, Section 4, which mandated the withholding of ten percent of LGU IRA shares, violated the Constitution and the Local Government Code, as it encroached upon local fiscal autonomy and was implemented without meeting the statutory requisites for adjustments, such as consultations with Congress and local government leagues. This decision underscores that national fiscal policy must respect the autonomy of local governments and cannot unilaterally interfere with constitutionally guaranteed local funds.

**G.R. No. 192935 (2010)**

**LOUIS "BAROK" C. BIRAOGO, Petitioner,**

**vs.**

**THE PHILIPPINE TRUTH COMMISSION OF 2010, Respondent**

**Facts:**

In *Louis "Barok" C. Biraogo v. Philippine Truth Commission of 2010* (G.R. No. 192935, decided December 7, 2010), Louis Biraogo filed an original special civil action before the Supreme Court challenging the constitutionality of Executive Order No. 1, issued by President Benigno S. Aquino III on July 30, 2010, which created the Philippine Truth Commission of 2010. The Truth Commission was tasked to conduct a fact-finding investigation into "reported cases of graft and corruption ... involving third level public officers and higher ... during the previous administration" and submit its findings and recommendations to the President, Congress, and the Ombudsman. Petitioners contended that the Commission was unconstitutional. Biraogo filed his petition under Rule 65 for prohibition and injunction as a citizen and taxpayer, asserting that EO No. 1 violated the Constitution by usurping the legislative power to create public offices and by infringing on the independence of constitutionally established bodies like the Office of the Ombudsman. Respondents argued that Biraogo lacked standing and that the President acted within his executive powers; they also defended the creation of the Commission as a legitimate investigatory body to assist in the faithful execution of the law. The Supreme Court agreed to take cognizance of the petition, finding that issues raised were of transcendental importance to the public and warranted judicial review despite the political overtones of the controversy. The consolidated case (which included a parallel petition by members of the House of Representatives in G.R. No. 193036) triggered full briefing and oral arguments before the Court.

In resolving Biraogo's petition, the Supreme Court examined the scope of executive power under Article VII of the 1987 Constitution, and the separation of powers between the legislative and executive departments. Petitioners argued that the Truth Commission was essentially a public office created by Executive Order, which ought to be the exclusive prerogative of Congress under Article VI, Section 1 of the Constitution. They asserted that there was no enabling statute authorizing the President to create such a commission, and that Section 31 of the Administrative Code, which grants the President a continuing authority to reorganize the Office of the President, could not justify the creation of an independent investigatory body tasked with investigating acts of corruption by past administrations. The Supreme Court's majority explained that while the President has executive power and the authority to execute the laws, that power does not extend to creating substantive

offices with functions beyond mere support of the executive's duties if such offices encroach on powers constitutionally vested in other institutions. The Court also considered whether the Truth Commission improperly intruded on the mandate of the Ombudsman and the Department of Justice, which are constitutionally empowered to investigate and prosecute corruption, and whether the Commission violated the equal protection clause by targeting officials of a specific past administration, thereby discriminating against a defined class of persons without a rational basis.

After weighing the constitutional arguments, the Supreme Court rendered a landmark decision and struck down Executive Order No. 1, declaring the Philippine Truth Commission of 2010 unconstitutional and void. The Court held that EO No. 1, in creating the Truth Commission, usurped the legislative authority to create public offices and appropriate funds for them, which is expressly reserved to Congress under the Constitution. The Court also concluded that vesting investigatory functions in the Commission that overlap with or supplant the roles of constitutionally established bodies like the Ombudsman undermined the constitutional design of independent anti-graft institutions. Furthermore, by limiting the Commission's investigatory focus to alleged corrupt acts during the previous administration, EO No. 1 violated the equal protection clause by creating an unjustifiable classification that singled out a particular group of public officials for investigation. In doing so, the Court reaffirmed that while the President may reorganize the internal structure of the Office of the President for efficiency and execution of the laws under existing legal authority such as Section 31 of the Administrative Code, he cannot, by executive fiat, create substantive bodies with powers and functions that encroach on the exclusive legislative powers of Congress or undermine the independence of constitutionally mandated offices.

**Issue & Ruling:**

Whether or not Executive Order No. 1, creating the Philippine Truth Commission of 2010, is a valid exercise of the President's executive power, or whether it is unconstitutional for usurping the legislative authority to create public offices, violating the independence of the Ombudsman, and discriminating against officials of a previous administration.

No, the Supreme Court ruled that Executive Order No. 1 is unconstitutional and void. The Court held that the President exceeded his executive powers by creating a substantive office with investigatory powers that properly belong to constitutionally established bodies, such as the Ombudsman. The Order also improperly singled out officials of a previous administration, violating the equal protection clause, and

usurped Congress' exclusive authority to create public offices and appropriate funds, thereby undermining the separation of powers essential to public administration and governance.

**G.R. No. 135385 (2000)**

**ISAGANI CRUZ and CESAR EUROPA, petitioners,**

**vs.**

**SECRETARY OF ENVIRONMENT AND NATURAL RESOURCES, etc.**

**Facts:**

In this case, petitioners Isagani Cruz and Cesar Europa, acting as concerned citizens and taxpayers, filed a petition for prohibition and mandamus against the Secretary of Environment and Natural Resources, the Secretary of Budget and Management, and the Chairperson and Commissioners of the National Commission on Indigenous Peoples (NCIP), challenging the constitutionality of certain provisions of Republic Act No. 8371, known as the Indigenous Peoples Rights Act of 1997 (IPRA), and its Implementing Rules and Regulations. The petitioners contended that the law and its implementing rules unlawfully divested the State of its ownership and control over public lands, minerals, and other natural resources under the regalian doctrine of Section 2, Article XII of the Constitution. They also questioned provisions granting indigenous peoples ownership and management rights over ancestral domains, claiming that these could infringe on private property rights, violate due process, and improperly delegate authority from executive departments to the NCIP.

Respondents were required to file their comments, and in compliance, the NCIP defended the constitutionality of the IPRA, urging the Court to dismiss the petition. The Secretaries of DENR and DBM filed a consolidated comment, through the Solicitor General, arguing that some provisions of the IPRA, particularly those granting indigenous peoples ownership over natural resources, were partly unconstitutional, and they sought partial relief in favor of the petitioners. On November 10, 1998, a large group of intervenors, including Senator Juan Flavio Velasco, a member of the 1986 Constitutional Commission, and representatives of 112 indigenous peoples' groups, moved to intervene to support the NCIP in defending the IPRA's constitutionality. Subsequently, on March 22, 1999, the Commission on Human Rights filed a motion to intervene or appear as *amicus curiae*, asserting that the IPRA reflected the State's *parens patriae* responsibility to protect disadvantaged sectors such as indigenous peoples. The following day, the Ikalahan Indigenous People and the Haribon Foundation also filed a motion to intervene, supporting the law. All intervention motions were granted.

Oral arguments were heard on April 13, 1999, after which the parties and intervenors filed memoranda reiterating their positions. The petitioners assailed specific provisions of the IPRA, including Sections 3(a) and 3(b), which define ancestral domains and ancestral lands, and Sections 5, 6, 7, 8, 52(i), 57, 58, 59, 63, 65, and 66, which grant ownership, use, and management rights to indigenous peoples, and

vest the NCIP with authority over delineation, recognition, and dispute resolution regarding ancestral lands. Petitioners also questioned Rule VII, Part II, Section 1 of NCIP Administrative Order No. 1, arguing that it improperly limits the President's power of control over the NCIP. They prayed for a declaration that these provisions were unconstitutional and for writs of prohibition and mandamus to prevent their enforcement and implementation.

After deliberation, the Supreme Court initially voted seven to seven, resulting in a deadlock. Justices Kapunan, joined by Chief Justice and Justices Bellosillo, Quisumbing, and Santiago, and Justice Puno filed opinions supporting the validity of the challenged provisions, with some qualifications regarding Section 57 and Section 1 of the NCIP Administrative Order. Justice Mendoza voted to dismiss the petition on the ground that petitioners lacked standing and the petition did not present a justiciable controversy. On the other side, Justices Panganiban and Vitug, joined by Justices Melo, Pardo, Buena, Gonzaga-Reyes, and De Leon, filed separate opinions declaring Sections 3(a) and (b), 5, 6, 7(a) and (b), 8, and certain related provisions unconstitutional, while reserving judgment on other sections pending concrete cases.

Because the votes remained equally divided even after redeliberation, the Supreme Court dismissed the petition under Rule 56, Section 7 of the Rules of Civil Procedure. As a result, no provisions of the IPRA were struck down, and the law and its implementing rules, including the NCIP's authority over ancestral domains and lands, remained in force. The decision left intact the balance between indigenous peoples' rights over ancestral domains and the State's general supervision, effectively allowing the IPRA to continue governing the recognition, delineation, and protection of indigenous peoples' ancestral lands and resources while maintaining the regulatory framework provided by the NCIP and the implementing agencies.

**Issue & Ruling:**

Whether or not certain provisions of Republic Act No. 8371, the Indigenous Peoples Rights Act of 1997, and its implementing rules and regulations, including the powers granted to the National Commission on Indigenous Peoples over the delineation, recognition, and management of ancestral domains and lands, are unconstitutional for allegedly depriving the State of ownership and control over public lands and natural resources, violating private property rights, due process, and the President's supervisory authority over executive departments.

No, the Supreme Court ultimately dismissed the petition due to an equally divided vote, thereby upholding the constitutionality of the challenged provisions

and maintaining the IPRA and its implementing rules in force, preserving the administrative framework for recognizing and protecting indigenous peoples' ancestral domains while balancing State supervision.

**G.R. No. L-45987 (1939)**

**THE PEOPLE OF THE PHILIPPINES, plaintiff-appellee,**

**vs.**

**CAYAT, defendant-appellant**

**Facts:**

The accused, Cayat, a native of Baguio, Benguet, Mountain Province, was initially prosecuted before the justice of the peace court of Baguio for violating Sections 2 and 3 of Act No. 1639, which prohibited members of non-Christian tribes from possessing or consuming intoxicating liquors other than those they traditionally brewed themselves. The justice of the peace found Cayat guilty and sentenced him to pay a fine of five pesos or, in the event of insolvency, suffer subsidiary imprisonment. On appeal to the **Court of First Instance**, a new information was filed against him, alleging that on January 25, 1937, he willfully received and possessed one bottle of A-1-1 gin, an intoxicating liquor outside the scope of traditional native beverages. Cayat interposed a demurrer challenging the constitutionality of Act No. 1639, which was overruled, and, despite admitting the facts, pleaded not guilty, submitting the case on the pleadings. The trial court found him guilty and imposed a fine of fifty pesos or subsidiary imprisonment in case of insolvency.

Cayat challenged the law on multiple constitutional grounds, claiming that it was discriminatory, violated the equal protection clause, infringed the due process clause, and constituted an improper exercise of the police power. His counsel emphasized that as members of less "civilized" segments of the population, non-Christian tribes were entitled to equal treatment under a democratic government and that any law marking them as inferior should be scrutinized. **The Supreme Court**, through Justice Moran, carefully traced the historical policy of the government toward non-Christian tribes, noting that since Spanish colonial times, and continuing through the American regime, there had been a consistent governmental effort to protect, civilize, and integrate these groups into the broader Filipino society. This policy included the establishment of communities known as reducciones, extension of public education, improvement of communications and transportation, and gradual exposure to mainstream civic life, all aimed at raising their standard of living and promoting their moral and intellectual growth. The Court cited memoranda from the Secretary of the Interior and prior jurisprudence, emphasizing that the state had consistently chosen guidance over neglect, seeking to encourage advancement while preventing lawlessness and barbarous practices.

The Court then examined the constitutional objections in detail. On the issue of equal protection, it held that Act No. 1639 rested on a reasonable classification based on substantial distinctions—specifically, the level of civilization and cultural development, not religion per se. The law applied to all members of the class and was germane to the legislative purpose of securing peace, order, and gradual civilization among non-Christian tribes. Exceptions of culturally advanced individuals within these tribes did not undermine the reasonableness of the classification. Regarding due process, the Court clarified that notice and hearing were not always required where administrative discretion is necessary and that due process was satisfied by the law's reasonableness, prescribed procedure, and equal application to the class affected. It further found that the confiscation of intoxicating liquor in this case, as corpus delicti, did not violate constitutional safeguards.

Finally, the Court addressed the contention that the law constituted an improper exercise of police power. Drawing upon established principles that the police power is broad and aimed at promoting the health, peace, morals, education, and general welfare of the people, the Court concluded that Act No. 1639 was a legitimate exercise of this power. By restricting access to intoxicating liquors, the law sought to prevent lawlessness and promote conditions conducive to the moral and cultural development of the non-Christian tribes, ultimately advancing national unity and integration with the rest of the Filipino population.

After a comprehensive review of historical policy, legislative intent, and constitutional principles, the Supreme Court affirmed the judgment of the lower courts, holding that Act No. 1639 was constitutional, reasonable, and a proper exercise of police power, and that Cayat's prosecution and conviction were lawful. Judgment was affirmed with costs against the appellant.

**Issue & Ruling:**

Whether or not Act No. 1639, which prohibited members of non-Christian tribes from possessing or consuming intoxicating liquors other than those traditionally brewed by them, violated the constitutional principles of equal protection, due process, and exceeded the proper exercise of the state's police power.

No, the Supreme Court ruled that the law was constitutional. It found that the classification of non-Christian tribes was reasonable and germane to the legislative purpose of promoting peace, order, and the gradual civilization of these communities. The Court held that due process was satisfied, and the exercise of police power was proper, aimed at protecting public welfare and advancing the moral, social, and cultural development of the affected tribes.

**G.R. No. L-26534 (1969)**

**ANTONIO J. VILLEGAS, in his capacity as Mayor of the City of Manila, etc.**

**vs.**

**ABELARDO SUBIDO, in his capacity as Commissioner of Civil Service, respondent-appellant**

**Facts:**

The case of Antonio J. Villegas, in his capacity as Mayor of the City of Manila, together with Captains James Barbers, Antonio Paralejas, and Felicisimo Lazaro, petitioners-appellees, versus Abelardo Subido, Commissioner of Civil Service, respondent-appellant, arose from a dispute over the authority to designate precinct or station commanders within the Manila Police Department. On July 17, 1965, petitioners filed a petition for prohibition with the Manila Court of First Instance, seeking to restrain the Civil Service Commissioner from directing the replacement of Barbers, Paralejas, and Lazaro as station commanders. The dispute began when, in an endorsement dated June 30, 1965, Commissioner Subido directed that the three police captains be removed from their positions on the grounds that they lacked the civil service eligibility required for "Inspector First Class (Police Detective Major)." Mayor Villegas, asserting his statutory authority to exercise immediate control over the executive functions of city departments, responded on July 2, 1965, that he was disregarding the directive as it exceeded the Commissioner's authority. He argued that under Paragraph 4, Section 23 of Republic Act No. 2260, the Civil Service Act of 1959, precinct or station commanders were designated for organizational purposes and were not positions in the competitive or classified service that would require such eligibility. The Commissioner, however, reiterated his directive on July 9, 1965.

The petitioners contended that the assignment of Barbers, Paralejas, and Lazaro as precinct commanders did not constitute appointments to positions in the competitive or classified service, and therefore fell exclusively within the Mayor's jurisdiction as the chief executive responsible for maintaining peace and order in the city. They further noted that no law or civil service regulation required any specific eligibility for precinct or station commanders and that examinations for police inspectors had been suspended by presidential order for the City of Manila as of March 23, 1964. In his answer filed on July 29, 1965, Commissioner Subido admitted the factual allegations but denied the claims that he acted without or in excess of jurisdiction or with grave abuse of discretion. He maintained that the assignments were improper under the Civil Service Act because eligible candidates existed for the position of inspector first class and invoked recommendations from the U.S. Agency for International Development to justify the personnel placements.

The Court of First Instance, in its decision promulgated on July 14, 1966, emphasized that the Commissioner did not dispute the civil service qualifications and training of petitioners Barbers, Paralejas, and Lazaro. The court detailed their extensive educational and professional accomplishments, including completion of supervisory courses, detective training, advanced police programs, and professional degrees, underscoring their competence for their respective assignments. The court held that no law prescribed that precinct commanders be police majors and that the Commissioner had failed to demonstrate any unsatisfactory situation that would justify intervention. The court concluded that the Commissioner acted without or in excess of jurisdiction and with grave abuse of discretion, rendering his directive null and void, and therefore granted the writ of prohibition and enjoined him from enforcing his directive.

On appeal to the Supreme Court, the main issue was whether the Civil Service Commissioner possessed the statutory authority to compel the replacement of precinct commanders designated by the City Mayor. The Court recognized that the Mayor had broad discretion in assigning personnel within the city police department and that the Commissioner's authority was limited to attesting to the civil service eligibility of appointees to positions in the competitive or classified service. The Supreme Court held that the Commissioner could not expand his authority by inferring powers from the Civil Service Act, issuing rules and regulations, or relying on recommendations from foreign agencies. The Court reiterated that public officials act only within the scope of the power granted to them, and any act outside that grant of authority is null. The Supreme Court affirmed the judgment of the Court of First Instance, emphasizing that the Mayor, as the executive responsible for police administration, had the exclusive prerogative to designate precinct commanders, provided they were qualified and eligible. The Commissioner's attempt to impose an additional requirement of Inspector First Class eligibility exceeded his statutory authority and violated the principle that powers of public officials must be expressly or impliedly delegated. The Supreme Court therefore affirmed the lower court's ruling, upholding the appointments made by Mayor Villegas and permanently restraining the Commissioner from interfering.

**Issue & Ruling:**

Whether or not the Civil Service Commissioner has the authority to direct the replacement of precinct or station commanders in the Manila Police Department designated by the City Mayor, on the ground that they lack a specific civil service eligibility, despite being otherwise qualified and competent for their positions.

Whether the Commissioner's attempt to impose an additional requirement of Inspector First Class eligibility exceeded his statutory authority and violated the principle that powers of public officials must be expressly or impliedly delegated.

The Supreme Court ruled no, the Civil Service Commissioner does not have the power to override the Mayor's discretion in designating precinct commanders, as such assignments fall within the Mayor's exclusive authority to ensure effective local administration and maintain public order, provided the appointees are qualified and eligible.

**G.R. No. 47065 June 26, 1940**

**PANGASINAN TRANSPORTATION CO., INC., petitioner,**

**vs.**

**THE PUBLIC SERVICE COMMISSION, respondent**

**Topic:** Growth of regulatory agencies and early administrative institutionalization; Use: Professionalization, regulatory bureaucracy, and merit-based administration

**Facts:**

Pangasinan Transportation Co., Inc. had for more than twenty years been engaged in the business of transporting passengers in the provinces of Pangasinan and Tarlac, and to a lesser extent in Nueva Ecija and Zambales, through motor vehicles known as TPU buses. Its operations were conducted pursuant to certificates of public convenience issued by the former Public Utility Commission in several cases. On August 26, 1939, the company filed with the Public Service Commission an application for authority to operate ten additional new Brockway trucks, docketed as Case No. 56641. The company alleged that the increase in equipment was necessary to comply with the terms and conditions of its existing certificates and to meet operational demands brought about by the enforcement of the Eight-Hour Labor Law.

On September 26, 1939, the Public Service Commission granted the application for increase of equipment. In doing so, however, it amended the existing certificates of public convenience and the authorization previously issued by incorporating two additional conditions. First, the certificates and authorization were declared valid and subsisting only for a period of twenty-five years from the date of the decision. Second, it was provided that the enterprise of the applicant might be acquired by the Commonwealth of the Philippines or any of its instrumentalities at any time, upon payment of the cost price of its useful equipment, less reasonable depreciation to be fixed by the Commission at the time of acquisition. These new conditions were imposed pursuant to section 15 of Commonwealth Act No. 146, as amended by section 1 of Commonwealth Act No. 454.

The petitioner objected to the imposition of these new conditions, particularly the limitation of the life of its certificates to twenty-five years and the provision for acquisition by the Commonwealth. On October 9, 1939, it filed a motion for reconsideration before the Public Service Commission, contending that section 1 of Commonwealth Act No. 454 was unconstitutional for constituting an undue delegation of legislative power, and that even if constitutional, the statute should

not apply to certificates issued prior to its effectivity on June 8, 1939. On November 14, 1939, the Commission denied the motion for reconsideration, maintaining that it had authority under the amended law to impose the questioned conditions.

Thereafter, on November 20, 1939, Pangasinan Transportation Co., Inc. filed before the Supreme Court a petition for a writ of certiorari. It prayed that the records of the proceedings in Case No. 56641 be elevated to the Court, that section 1 of Commonwealth Act No. 454 be declared unconstitutional and void, and, in the alternative, that the Court declare that the provisions of the statute were inapplicable to certificates of public convenience issued prior to June 8, 1939. The petitioner advanced two principal arguments: first, that the legislative powers granted to the Public Service Commission under section 1 of Commonwealth Act No. 454, without sufficient limitation, standard, or guide, constituted an unlawful abdication of legislative authority; and second, that even if the statute were valid, the Commission exceeded its authority by applying it to existing certificates and by imposing conditions that violated constitutional guarantees.

In resolving the case, the Supreme Court first addressed the issue of constitutionality. It examined section 15 of Commonwealth Act No. 146, as amended by Commonwealth Act No. 454, which authorized the Commission to prescribe, as conditions for the issuance of certificates of public convenience, that the service may be acquired by the Commonwealth upon payment of the cost price of useful equipment less reasonable depreciation, and that the certificate shall be valid only for a definite period of time. The Court held that these provisions were consistent with section 8 of Article XIII of the Constitution, which mandates that no franchise, certificate, or authorization for the operation of a public utility shall be for a period longer than fifty years and that such grants are subject to amendment, alteration, or repeal when public interest so requires. The Court reasoned that the standard of "public interest" provided an adequate guide for administrative discretion and that the delegation of authority to the Commission was administrative, not legislative, in nature. It emphasized that the growing complexity of modern government justified the delegation of certain regulatory functions, provided that sufficient standards existed to guide the exercise of discretion.

The Court further rejected the contention that the amended law could not apply to certificates issued prior to June 8, 1939. It traced the historical development of the constitutional and statutory framework governing public utility franchises and certificates, noting that from the Philippine Bill through the Jones Law to the 1935 Constitution, franchises and similar rights had always been subject to amendment, alteration, or repeal in the public interest. Consequently, the National Assembly had

authority to enact Commonwealth Acts Nos. 146 and 454 so as to modify existing certificates. The Court also held that statutes regulating public utilities are exercises of the police power of the State and apply not only prospectively but also to utilities already established and in operation. Certificates of public convenience were characterized as mere licenses or privileges, not contracts or vested property rights, and thus subject to regulatory modification.

Having upheld the validity and constitutionality of the statute and the general authority of the Public Service Commission to impose such conditions, the Supreme Court nonetheless found merit in the petitioner's procedural objection. It observed that while the Commission possessed the power to amend, modify, or revoke certificates upon proper notice and hearing, the imposition of the twenty-five-year limitation had been done without affording the petitioner notice or an opportunity to be heard specifically on that issue. The petitioner's application had been solely for the increase of equipment, not for the modification of the duration of its certificates. The Court concluded that the Commission had taken advantage of the application to impose a substantial new condition without observance of the fundamental requirements of due process. It underscored that the right to a hearing, including the opportunity to present evidence, is a cardinal primary right that must be respected even in administrative proceedings, and that decisions unsupported by evidence and reached without proper hearing are nullities.

Accordingly, although the Supreme Court sustained the constitutionality of Commonwealth Act No. 454 and recognized the regulatory authority of the Public Service Commission, it reversed the Commission's decision insofar as it imposed the twenty-five-year limitation without due process. The case was remanded to the Public Service Commission for further proceedings in accordance with law and the Court's ruling, with no pronouncement as to costs.

**Issue & Ruling:**

Whether or not the Public Service Commission, under section 1 of Commonwealth Act No. 454, validly exercised its delegated authority, consistent with public policy and principles of administrative law, in imposing new conditions—particularly the twenty-five-year limitation—on existing certificates of public convenience without prior notice and hearing.

No. While the Supreme Court upheld the constitutionality of Commonwealth Act No. 454 and recognized the authority of the Public Service Commission, it ruled that the Commission acted with grave abuse of discretion in imposing the twenty-five-year limitation without affording the petitioner notice and an opportunity to be

heard, thereby violating fundamental requirements of due process in administrative proceedings.

**G.R. No. L-35546 September 17, 1974**

**IN THE MATTER OF THE PETITION FOR HABEAS CORPUS OF BENIGNO S. AQUINO, JR.,  
RAMON MITRA, JR., etc. petitioners,**

**vs.**

**HON JUAN PONCE ENRILE, SECRETARY OF NATIONAL DEFENSE; etc. respondents.**

**Topic:** Executive dominance and erosion of institutional checks; Use: Centralization of authority, weakening of administrative autonomy

**Facts:**

These consolidated cases arose from a series of petitions for habeas corpus filed by prominent political leaders, journalists, and activists who were arrested and detained by the military pursuant to Proclamation No. 1081, dated September 21, 1972, by which President Ferdinand E. Marcos placed the entire Philippines under martial law. The petitioners, including Benigno S. Aquino, Jr., Jose W. Diokno, Joaquin P. Roces, Maximo V. Soliven, Napoleon Rama, and others, were arrested by virtue of General Order No. 2, issued on September 22, 1972, which directed the arrest and detention of persons **allegedly involved in or giving aid and comfort to a conspiracy to seize political and state power by force, and in crimes against national security and public order.**

Following their arrest, the petitioners remained under military detention without formal charges in most instances, prompting them to file separate petitions for habeas corpus before the Supreme Court in 1973 and 1974. These petitions challenged the legality of their detention, the constitutional validity of Proclamation No. 1081, and the suspension of the privilege of the writ of habeas corpus. They argued that the proclamation was unconstitutional, that no sufficient factual basis existed for declaring martial law, and that their continued detention without charges violated their fundamental rights to liberty and due process.

During the pendency of these cases, several developments occurred. Some petitioners were released from detention subject to certain restrictions, such as limitations on travel and political activities, while others sought to withdraw their petitions. **Jose W. Diokno**, in particular, moved to **withdraw his petition** on December 28, 1973, citing reasons that questioned the legitimacy of the Court after the adoption of the 1973 Constitution. Initially, a majority of the Justices voted to grant the motion, but before the Court could promulgate its rulings, Diokno was released by presidential order on September 11, 1974. Consequently, the Court dismissed his petition on the ground of mootness, with some Justices also citing his earlier motion to withdraw as an additional basis.

In the case of Benigno S. Aquino, Jr., the situation differed materially. Formal charges of murder, subversion, and illegal possession of firearms were filed against him before a Military Commission on August 11, 1973. Aquino thereafter filed a separate petition for certiorari and prohibition questioning the jurisdiction of the military tribunal and his continued detention. Despite this, the majority of the Court voted to resolve his petition for habeas corpus on the merits, rejecting the view that it should be dismissed in favor of the later petition.

The central legal issue confronting the Court was whether it could inquire into the validity of Proclamation No. 1081 and determine the sufficiency of the factual bases for the declaration of martial law. This issue was framed in terms of whether the question was political and thus beyond judicial review, or justiciable and subject to judicial scrutiny. On this matter, the Justices were divided. A group of Justices maintained that the question was political, asserting that the determination of whether conditions existed to justify the declaration of martial law was exclusively vested in the President and not subject to judicial inquiry. They reasoned that national security concerns and the necessity of executive discretion in times of rebellion or insurrection demanded judicial restraint. Some further opined that the 1973 Constitutional Convention had effectively endorsed the non-justiciability of such determinations.

Another group of Justices, however, held that the Court retained the authority to examine whether the President had acted arbitrarily in proclaiming martial law, invoking the doctrine laid down in *Lansang v. Garcia*. They emphasized that judicial inquiry was limited not to assessing the wisdom of the President's act but to determining whether he had exceeded constitutional boundaries. Applying this standard, they concluded that the proclamation was not arbitrary, as the existence of widespread rebellion and subversion at the time was a matter of public knowledge and contemporary history. Armed hostilities, underground propaganda, recruitment activities, and acts of sabotage were deemed sufficient factual bases for the declaration of martial law.

Chief Justice Makalintal, in summarizing the Court's collective views, expressed his own conviction that a state of rebellion indeed existed at the time of the proclamation and continued thereafter. He further held that the issue of the validity of Proclamation No. 1081 had been effectively foreclosed by the transitory provisions of the 1973 Constitution, which declared that all proclamations, orders, decrees, and acts of the incumbent President shall remain valid and binding after the ratification of the Constitution. He also noted that the nationwide referendum of July 1973, in

which the electorate overwhelmingly voted to allow President Marcos to continue in office and complete the reforms under martial law, had removed the issue from the realm of judicial review and placed it within the direct expression of popular sovereignty.

With respect to the petitioners who had been released but remained subject to restrictions, the Court ruled that their petitions should be dismissed. It held that the power to detain persons under martial law necessarily implied the authority to impose reasonable restrictions upon their release, provided such conditions were germane to the objectives of suppressing rebellion and safeguarding public safety. While some Justices expressed reservations about the scope and severity of these restrictions, the majority sustained their legality as incidental to the effective implementation of martial law. The Court further held that the proclamation of martial law effectively suspended the privilege of the writ of habeas corpus as to persons detained for acts related to rebellion and national security, given the overriding necessity of preserving public order and national survival.

In light of these considerations, and taking into account that most petitioners had either been released or had withdrawn their petitions, and that those still under detention were lawfully held pursuant to martial law powers, the Supreme Court rendered judgment dismissing all the petitions, except those previously withdrawn with the Court's approval. The dismissals were grounded on the political character of the issues, the sufficiency of the factual bases for the declaration of martial law, the validating effect of the 1973 Constitution and the national referendum, and the legality of continued detention and conditional release under the circumstances. No costs were adjudged.

**Issue & Ruling:**

Whether or not the declaration of martial law under Proclamation No. 1081 and the consequent arrest, detention, and restriction of the petitioners, without formal charges, were valid exercises of executive power consistent with public policy and principles of public administration, and subject to judicial review.

Yes. The Supreme Court dismissed the petitions and upheld the validity of Proclamation No. 1081 and the resulting arrests, detentions, and restrictions as legitimate exercises of the President's constitutional and administrative powers in the interest of public safety and national security, holding that the proclamation was supported by sufficient factual basis, was largely political in character, and had been validated by the 1973 Constitution and the national referendum.

**G.R. No. L-61388 April 20, 1983**

**IN THE ISSUANCE OF THE WRIT OF HABEAS CORPUS FOR DR. AURORA PARONG,  
NORBERTO PORTUGUESE, etc. petitioner,**

**vs.**

**MINISTER JUAN PONCE ENRILE, etc., respondents.**

**Topic:** Martial Law administration, emergency powers, and authoritarian control; Use: Centralization of authority, weakening of administrative autonomy

**Facts:**

The case arose from a petition for the issuance of the writ of habeas corpus (a court order compelling someone holding another person in custody to bring them before a court to determine if the detention is lawful, ensuring freedom from illegal imprisonment, not determining guilt or innocence) and mandamus filed by **Josefina Garcia-Padilla**, on behalf of fourteen detainees, namely Dr. Aurora Parong, Norberto Portuguese, Sabino Padilla, Francis Divinagracia, Imelda de los Santos, Benjamin Pineda, Zenaida Mallari, Mariano Soriano, Tito Tanguilig, Letty Ballogan, Bienvenida Garcia, Eufronio Ortiz, Jr., Juanito Granada, and Tom Vasquez, who had been **arrested and detained by military authorities** in July 1982. The petition sought the immediate production of the bodies of the detainees before the Court, disclosure of their place of detention, permission for counsel and relatives to visit them, and their provisional release on bail pending determination of the legality of their detention.

Chronologically, nine of the detainees were arrested on July 6, 1982, at around 1:45 in the afternoon during a raid conducted by three teams of the PC/INP in Bayombong, Nueva Vizcaya, led by Lt. Col. Miguel Coronel, 1st Lt. de Guzman, and 1st Lt. Baria. The raiding teams were armed with a **search warrant** issued by Judge Sofronio Sayo of the Court of First Instance of Nueva Vizcaya, authorizing the search of the residence of Dr. Aurora Parong for **firearms, subversive documents, medicines, and other paraphernalia**. At the time of the raid, the nine detainees were in the midst of a meeting that had begun earlier that morning. Upon their arrest, authorities seized numerous documents and materials allegedly connected with subversive activities. On July 7, 1982, four additional individuals were arrested by the same teams, and on July 15, 1982, Tom Vasquez was arrested and his vehicle confiscated. All fourteen detainees were initially held at the PC/INP Command Headquarters in Bayombong, Nueva Vizcaya until August 10, 1982, when they were transferred to undisclosed locations, later reported to be Camp Crame, Echague in Isabela, and Tuguegarao in Cagayan.

On August 13, 1982, Josefina Garcia-Padilla filed the present petition, alleging that the arrests were illegal because they were conducted without warrants of arrest, that the search warrant used was a general or roving warrant, and that no criminal charges had been filed against the detainees. She further claimed that their transfer to undisclosed locations and the denial of regular access to counsel and relatives violated their constitutional rights. It was also alleged that while a telegram referring to a Presidential Commitment Order had been shown to the detainees, no copy of such order had been furnished, raising doubts as to its existence and validity.

On August 17, 1982, the Supreme Court issued the writ of habeas corpus and required the respondents to make a return. In their return filed on August 23, 1982, the respondents, through the Solicitor General, asserted that the detainees were being lawfully held by virtue of a Presidential Commitment Order issued on July 12, 1982 pursuant to Letter of Instruction No. 1211 and Presidential Proclamation No. 2045, which continued the suspension of the privilege of the writ of habeas corpus with respect to crimes related to national security. They further alleged that criminal charges had been filed against the detainees, and that their arrest and detention fell within the scope of offenses for which the privilege of the writ remained suspended. The respondents argued that courts could not inquire into the validity and cause of their arrest and detention due to the continued suspension of the privilege of the writ.

A hearing was held on August 26, 1982, during which the detainees, except for Tom Vasquez who had been temporarily released, were presented before the Court. After hearing the arguments of both sides, the Court required the Solicitor General to submit documents relevant to the issuance of the Presidential Commitment Order. These were submitted on August 27, 1982, after which the case was deemed submitted for resolution.

In resolving the case, the Supreme Court examined the circumstances of the arrest and detention. It found that the arrests were lawful under the rules allowing warrantless arrests when a person is caught in flagrante delicto, noting that the detainees were found in the act of conducting a meeting allegedly connected with subversive activities and that incriminating materials were seized during the raid. The Court held that rebellion, insurrection, and related crimes are continuing offenses of a special nature and that the exigencies of national security justified immediate arrest without judicial warrant.

The Court further ruled that the issuance of a Presidential Commitment Order provided the legal basis for the continued detention of the detainees. It held that under Presidential Proclamation No. 2045, which continued the suspension of the privilege of the writ of habeas corpus with respect to crimes related to rebellion and subversion, **courts could not inquire into the legality of the detention through habeas corpus proceedings.** The Court emphasized that the suspension of the privilege of the writ was a constitutional power vested in the President as Commander-in-Chief, and that the exercise of this power, including the issuance of Presidential Commitment Orders, was a political question not subject to judicial review. It further reasoned that in times of rebellion or national emergency, individual rights to liberty and bail must yield to the paramount interest of public safety and national survival.

The Court rejected the petitioners' reliance on the procedural requirements of Letter of Instruction No. 1211, holding that it did not limit the President's constitutional authority to order preventive detention and that its issuance was merely a directive to subordinate officials. The Court concluded that the Presidential Commitment Order necessarily carried with it a finding by the President that the conditions for detention had been met, and that such determination could not be reviewed by the judiciary without violating the doctrine of political question.

Accordingly, the Supreme Court dismissed the petition, ruling that the arrests and continued detention of the detainees were legal and justified under the Constitution, the continuing suspension of the privilege of the writ of habeas corpus, and the exigencies of national security.

**Issue & Ruling:**

Whether or not the arrest and continued detention of the petitioners by virtue of a Presidential Commitment Order, issued under Proclamation No. 2045 and during the suspension of the privilege of the writ of habeas corpus, were valid exercises of executive power consistent with public policy and principles of public administration.

Yes. The Supreme Court dismissed the petition and upheld the legality of the arrests and continued detention, ruling that the issuance of the Presidential Commitment Order and the preventive detention of the petitioners were valid exercises of the President's constitutional powers in the interest of public safety and national security, and were not subject to judicial interference under the doctrine of political question.

**G.R. No. 154155 August 6, 2008**

**THE OMBUDSMAN, petitioner, vs. BEN C. JURADO, respondent**

**Topic:**

Strengthening post-1987 accountability institutions; Use: Constitutional commissions, professionalization, integrity systems

**Facts:**

Sometime in 1992, Maglei Enterprises Co., a partnership owned by Rose Cuyos and John Elvin C. Medina, filed an application with the Bureau of Customs for authority to establish and operate a Customs Bonded Warehouse for manufacturing purposes. As part of the evaluation process, CBW Supervisor Juanito A. Baliwag conducted an inspection of Maglei's proposed warehouse to determine compliance with structural requirements. After the inspection, Baliwag submitted a report recommending approval of the application, subject to re-inspection before the transfer of imported goods would be allowed.

On March 16, 1992, respondent Ben C. Jurado, then Chief of the Warehousing Inspection Division of the Bureau of Customs, reviewed and adopted Baliwag's recommendation. Jurado issued a First Indorsement concurring in the recommendation and forwarded the papers to the Chief of the Miscellaneous Manufacturing Bonded Warehouse Division for further action. His endorsement expressly invited attention to Baliwag's qualified recommendation. Thereafter, Rolando A. Mendoza, Chief of the Miscellaneous Manufacturing Bonded Warehouse Division, submitted a memorandum reporting that Maglei had substantially complied with the necessary requirements and recommended approval of the application. This recommendation was successively endorsed by Emma M. Rosqueta, District Collector of Customs, Titus B. Villanueva, Deputy Commissioner for Assessment and Operations, and Atty. Alex Gaticales, Executive Director of the Customs – SGS Import Valuation and Classification Committee.

On June 25, 1992, Maglei was formally granted authority to operate Customs Bonded Warehouse No. M-1467, allegedly located at 129 Jose Bautista Street, Caloocan City. Based on this authority, Maglei imported various textile materials, purportedly for manufacture into car covers intended for exportation. In July 1992, the Bureau of Customs, through Senior Storekeeper Account Officer George O. Dizon, was directed to verify the status of Maglei's warehouse. Dizon reported that the warehouse was existing and operational. However, subsequent verification revealed that no such warehouse existed at the stated address. Instead, the site housed the School of the Divine Mercy, and only a small signboard bearing the name of Maglei

Enterprises was found. Further investigation disclosed that the imported textile materials had disappeared without proof of exportation or payment of corresponding taxes.

As a result, on August 11, 1992, the Bureau of Customs filed a complaint against George O. Dizon, Rose Cuyos, and John Elvin C. Medina for violations of the Tariff and Customs Code. The Ombudsman subsequently took cognizance of the matter. On February 13, 1996, the Evaluation and Preliminary Investigation Bureau of the Office of the Ombudsman recommended the reversal of the Bureau of Customs' resolution and proposed the dismissal of the case against Dizon, while recommending the filing of charges against Emma Rosqueta and Rolando Mendoza, and further fact-finding investigation. The matter was referred to the Fact-Finding Bureau.

On September 29, 1997, the Fact-Finding Bureau submitted its report recommending the filing of criminal charges for violation of Section 3(e) of Republic Act No. 3019 and Section 3601 of the Tariff and Customs Code, as well as administrative charges for dishonesty and gross misconduct, against several Bureau of Customs officials, including respondent Jurado, and against the private individuals involved. The Ombudsman approved these recommendations on October 17, 1997.

Subsequently, on August 2, 1999, the Ombudsman dismissed the criminal charges against Jurado for lack of prima facie evidence. However, on August 16, 1999, the Administrative Adjudication Bureau of the Ombudsman rendered a decision finding Jurado administratively liable for neglect of duty and imposed upon him the penalty of suspension for six months without pay. Jurado's motion for reconsideration was denied.

Aggrieved, Jurado elevated the case to the Court of Appeals, asserting that his constitutional right to the speedy disposition of cases had been violated, that the dismissal of the criminal case should have led to the dismissal of the administrative case, and that no substantial evidence existed to hold him administratively liable. In its Decision dated July 3, 2002, the Court of Appeals reversed and set aside the Ombudsman's ruling. The appellate court held that the delay of almost six years from the occurrence of the incident in 1992 to the filing of charges against Jurado in 1997 constituted a violation of his right to speedy disposition of cases. It further ruled that Jurado could not be held liable for negligence because he had no direct duty to conduct the physical inspection or re-inspection of the warehouse, and that his role was merely to forward the recommendation of his subordinate.

The Ombudsman then filed a petition for review on certiorari before the Supreme Court, questioning the findings of the Court of Appeals. The Ombudsman argued that there was no violation of Jurado's right to speedy disposition of cases and that substantial evidence existed to support the finding of administrative liability.

In its decision, the Supreme Court first addressed the issue of speedy disposition of cases. The Court reiterated that the constitutional right to speedy disposition is a relative and flexible concept and must be evaluated based on the length of delay, the reasons for the delay, the assertion of the right, and the prejudice suffered. The Court observed that Jurado was not included in the original complaint and was not subjected to any investigation prior to the Fact-Finding Bureau's report in 1997. Thus, the period from 1992 to 1997 could not be charged against the Ombudsman as delay prejudicial to Jurado, since he had not yet been made a respondent. From the time he was formally charged in 1997 up to the resolution of his administrative case in 1999, only about two years had elapsed, which the Court found reasonable given the circumstances. The Court found no evidence of vexatious, capricious, or oppressive delay and ruled that Jurado's constitutional right had not been violated.

The Supreme Court then examined Jurado's administrative liability. It emphasized that the dismissal of criminal charges does not necessarily preclude administrative liability, as the quantum of evidence required in administrative proceedings is merely substantial evidence. The Court noted that as Chief of the Warehousing Inspection Division, Jurado was the supervisor of CBW inspectors and had the duty to ensure the accuracy of inspection reports. His concurrence in Baliwag's recommendation, despite its express condition requiring re-inspection, and his failure to verify the existence of the warehouse or to initiate corrective action upon discovery of the anomaly, constituted neglect of duty. The Court held that Jurado's position imposed upon him the responsibility to oversee his subordinates and prevent irregularities, and his failure to do so directly contributed to the approval of a non-existent bonded warehouse and the consequent loss of government revenue.

Accordingly, the Supreme Court granted the petition, reversed the decision of the Court of Appeals, and reinstated the Ombudsman's ruling finding Jurado administratively liable for neglect of duty and imposing upon him a six-month suspension without pay.

**Issue & Ruling:**

Whether or not the Court of Appeals erred, as a matter of public policy and administrative law, in ruling that respondent Ben C. Jurado's right to the speedy

disposition of cases was violated and in absolving him from administrative liability for neglect of duty.

Yes. The Supreme Court held that there was no violation of respondent's right to the speedy disposition of cases and that he was administratively liable for neglect of duty, thus reversing the Court of Appeals and reinstating the Ombudsman's decision imposing a six-month suspension without pay.

**G.R. No. 91649 May 14, 1991**

**ATTORNEYS HUMBERTO BASCO, etc. petitioners, vs. PHILIPPINE AMUSEMENTS AND GAMING CORPORATION (PAGCOR), respondent.**

**Topic:** Limits and structure of local autonomy; Use: Evolution and limits of local governance

**Facts:**

The Philippine Amusement and Gaming Corporation (PAGCOR) was originally created in 1977 under Presidential Decree No. 1067-A and granted a franchise through Presidential Decree No. 1067-B to establish, operate, and maintain gambling casinos within the Philippines. Its operations initially took place in the floating casino "Philippine Tourist" and were later expanded through Presidential Decree No. 1399 in 1978, in recognition of the revenue-generating potential of regulated gambling for government infrastructure and socio-economic programs. On July 11, 1983, Presidential Decree No. 1869 was enacted, reorganizing PAGCOR and granting it a broader franchise with nationwide territorial jurisdiction. The decree declared a state policy to centralize and integrate all games of chance not otherwise authorized by law under a single government-controlled entity in order to generate public revenue, enhance tourism, and minimize the evils associated with gambling through direct government supervision and control. PAGCOR thereafter became one of the government's largest revenue-generating agencies, remitting billions of pesos annually to the national treasury and funding numerous public and social programs.

Attorneys Humberto Basco, Edilberto Balce, Socrates Maranan, and Lorenzo Sanchez, acting as taxpayers and members of the legal profession, filed a petition before the Supreme Court seeking to annul Presidential Decree No. 1869. They contended that the decree was unconstitutional for being contrary to morals, public policy, and public order, and for violating several constitutional provisions. They argued that the law unlawfully waived the City of Manila's right to impose taxes and license fees, thereby infringing on local autonomy. They further claimed that it violated the equal protection clause by legalizing gambling conducted by PAGCOR while prohibiting other forms of gambling, and that it ran counter to the declared policies of the 1987 Constitution on social justice, family, youth, and educational values. They also alleged that the decree promoted monopolistic practices and perpetuated a crony economy inconsistent with the democratic ideals restored after the 1986 People Power Revolution.

Before addressing the substantive issues, the Supreme Court resolved the procedural question of whether the petitioners had legal standing to challenge the validity of the decree. While the respondents questioned the petitioners' standing, the Court brushed aside procedural technicalities, invoking the doctrine of transcendental importance. It held that the issues raised were of paramount public interest, involving the constitutionality of a major government policy and a significant source of public revenue. Thus, the Court recognized the petitioners' standing as taxpayers and concerned citizens and proceeded to rule on the merits of the case.

On the substantive issues, the Court began by reiterating the settled principle that all laws enjoy the presumption of constitutionality, and that the burden of proving otherwise lies heavily upon those who challenge them. The Court emphasized that gambling, while generally prohibited, may be regulated by the State in the exercise of its police power, which is an inherent attribute of sovereignty intended to promote public welfare. It found that Presidential Decree No. 1869 was enacted precisely to regulate and centralize gambling under direct government control, with the objectives of raising funds for public projects, boosting tourism, and minimizing the social evils attendant to unregulated gambling. The Court noted that the substantial revenues generated by PAGCOR had significantly contributed to government funds and social programs, thereby advancing the public interest.

Addressing the claim that the decree violated local autonomy by exempting PAGCOR from local taxes and fees, the Court held that local governments do not possess inherent taxing powers, as such authority is delegated by Congress. Since Congress has the power to grant and withdraw taxing authority, it likewise has the authority to grant tax exemptions. The Court further reasoned that PAGCOR, being a government-owned and controlled corporation with regulatory functions, is an instrumentality of the national government. As such, it is exempt from local taxation under the doctrine that local governments cannot tax national government instrumentalities without undermining national policies. The Court concluded that the exemption granted to PAGCOR did not violate the principle of local autonomy, which contemplates decentralization but not sovereignty or supremacy of local governments over the national government.

On the alleged violation of the equal protection clause, the Court held that the Constitution does not prohibit reasonable classification. It ruled that the distinction between gambling activities conducted and regulated by PAGCOR and other forms of gambling that remain prohibited is a valid classification based on substantial distinctions, germane to the purpose of the law, and applicable equally to all

members of the class. The Court emphasized that the regulation of gambling is a matter of legislative policy, and that the State may choose to legalize certain forms of gambling under strict government control while prohibiting others.

As to the petitioners' assertion that the decree contravened constitutional principles on morality, social justice, family, youth, and education, the Court explained that these provisions are generally non-self-executing and serve as guiding principles for the political branches rather than as enforceable standards for judicial review. The Court stressed that policy determinations on the morality or wisdom of legalized gambling are matters best left to Congress and the Executive, not the judiciary. It reiterated that courts are not concerned with the wisdom, expediency, or policy of legislation, but only with its constitutionality.

In light of these considerations, the Supreme Court found no clear and unequivocal breach of the Constitution. It concluded that Presidential Decree No. 1869 was a valid exercise of the State's police power and taxing authority, enacted to promote public welfare and national development. Accordingly, the Court dismissed the petition for lack of merit, thereby upholding the constitutionality of PAGCOR's charter and affirming the legality of its operations under existing law.

**Issue & Ruling:**

Whether or not Presidential Decree No. 1869, which created and granted a franchise to the Philippine Amusement and Gaming Corporation (PAGCOR), is unconstitutional for being contrary to morals, public policy, public order, the equal protection clause, and the constitutional principles of local autonomy and social justice.

No. The Supreme Court upheld the constitutionality of P.D. No. 1869, ruling that the creation of PAGCOR and the regulation and centralization of gambling fall within the State's police power, do not violate the equal protection clause or the principle of local autonomy, and are consistent with public policy objectives of revenue generation, regulation of gambling, and promotion of public welfare.

**G.R. No. 154599 January 21, 2004**

**THE LIGA NG MGA BARANGAY NATIONAL, petitioner, vs. THE CITY MAYOR OF MANILA, HON. JOSE ATIENZA, JR., etc. Respondents**

**Topic:** Operational realities of decentralization; Use: Evolution and limits of local governance

**Facts:**

**Facts:**

The Liga ng mga Barangay National is the national organization of all barangays in the Philippines, composed of the duly elected presidents of provincial, metropolitan, highly urbanized city, and other local chapters pursuant to the Local Government Code of 1991. Under this law, the Liga is authorized to govern its internal organization through its own constitution and by-laws, provided these conform to existing laws. In March 2000, the Liga adopted and ratified its Constitution and By-laws, which vested in its National Executive Board the authority to promulgate rules governing election matters not specifically covered therein. Pursuant to this authority, the Liga adopted its own Election Code, which provided for synchronized nationwide elections of the provincial, metropolitan, and highly urbanized city chapters. Under this Election Code, the elections for highly urbanized cities such as Manila were scheduled to be held on 21 October 2002.

On 28 June 2002, the City Council of Manila enacted City Ordinance No. 8039, Series of 2002. The ordinance prescribed a different scheme for the election of officers of the Liga ng mga Barangay in Manila by providing for elections at the district level, whose elected representatives would in turn constitute the city chapter and elect the city officers from among themselves. The ordinance also fixed the date of the elections thirty days after the barangay elections. The ordinance was thereafter transmitted to the Office of the City Mayor of Manila for approval.

Upon learning of the passage of the ordinance, the Liga wrote the City Mayor on 16 July 2002, urging him to veto the measure on the ground that it unlawfully encroached upon the powers of the Liga by legislating on matters pertaining to its internal organization, which by law were reserved to the Liga itself through its Constitution, By-laws, and Election Code. Despite this request, the City Mayor signed and approved the ordinance and, on 15 August 2002, issued Executive Order No. 011, Series of 2002, to implement its provisions.

Aggrieved, the Liga filed a petition for certiorari under Rule 65 before the Supreme Court, seeking the nullification of the ordinance and the executive order for being contrary to law. It argued that the Manila City Council had no authority to legislate on the internal affairs of the Liga, particularly on the manner of electing its officers, and that the ordinance was an ultra vires act in derogation of the Local Government Code and the Liga's duly adopted Constitution, By-laws, and Election Code. It likewise assailed the City Mayor's executive order as invalid for implementing an unlawful ordinance. The Liga further prayed for the issuance of a temporary restraining order and preliminary injunction to prevent the scheduled elections under the assailed ordinance.

During the pendency of the petition, Barangay Chairman Arnel Peña filed a complaint in intervention, supporting the position of the Liga. He contended that the ordinance effectively amended the Local Government Code by providing for an indirect mode of election, thereby depriving him and the other barangay chairmen in Manila of their right to directly elect and be elected to Liga positions. The Office of the Solicitor General likewise filed a manifestation supporting the petition, asserting that the ordinance and executive order were inconsistent with the public policy embodied in the Local Government Code, and emphasizing that local governments may legislate only by virtue of a valid delegation of power from Congress.

In response, the respondents City Mayor and City Council of Manila sought the dismissal of the petition. They argued that certiorari was not the proper remedy since the acts complained of were legislative and executive in nature, not judicial or quasi-judicial. They further invoked the hierarchy of courts, pointing out that similar actions questioning the ordinance and executive order were pending before the Regional Trial Court of Manila and the Court of Appeals. They also alleged forum shopping and claimed that the elections had already been held, rendering the petition moot and academic.

Upon consideration, the Supreme Court dismissed the petition. The Court first ruled that certiorari under Rule 65 was improper because the City Council and the City Mayor were not exercising judicial or quasi-judicial functions when they enacted the ordinance and issued the executive order. Their acts were legislative and executive, respectively, and therefore beyond the reach of a petition for certiorari, which lies only to correct errors of jurisdiction committed by tribunals, boards, or officers exercising judicial or quasi-judicial functions.

The Court further held that, in substance, the petition sought a declaration of the invalidity of the ordinance and executive order, which is in the nature of a petition

for declaratory relief. The Supreme Court, however, has only appellate jurisdiction over such actions, not original jurisdiction. Thus, the petition was improperly brought directly before it.

Additionally, the Court stressed the importance of observing the hierarchy of courts. It reiterated that although the Supreme Court, the Court of Appeals, and the Regional Trial Courts have concurrent jurisdiction over petitions for certiorari, direct resort to the Supreme Court is justified only by exceptional and compelling circumstances. In this case, no such circumstances were shown. The issues raised could have been adequately addressed by the lower courts, which are better equipped to resolve factual matters and relieve the Supreme Court's congested docket.

While the Court declined to categorically rule that the petitioners were guilty of forum shopping, it nonetheless found sufficient procedural grounds to dismiss the petition. In view of these considerations, the Supreme Court dismissed the petition for certiorari, thereby leaving the validity of the ordinance and executive order to be threshed out in the appropriate fora.

**Issue & Ruling:**

Whether or not the City Council of Manila and the City Mayor committed grave abuse of discretion, as a matter of public policy and administration, in enacting City Ordinance No. 8039 and issuing Executive Order No. 011 to regulate the elections of the Manila Chapter of the Liga ng mga Barangay.

No. The Supreme Court dismissed the petition on procedural grounds, ruling that certiorari was improper because the acts assailed were legislative and executive in nature, not judicial or quasi-judicial, that the petition effectively sought declaratory relief over which the Court has only appellate jurisdiction, and that the hierarchy of courts had been disregarded.

**G.R. No. 129742 September 16, 1998**

**TERESITA G. FABIAN, petitioner, vs. HON. ANIANO A. DESIERTO, in his capacity as Ombudsman; etc. respondents.**

**Topic:** Judiciary's role in structuring administrative appeals and institutions; Use: Courts shaping administrative architecture

**Facts:**

Teresita G. Fabian was the major stockholder and president of PROMAT Construction Development Corporation, a company engaged in government construction projects, including those under the First Metro Manila Engineering District of the Department of Public Works and Highways. Nestor V. Agustin was then the District Engineer of that office. Fabian alleged that Agustin took advantage of his official position by inducing her into an illicit relationship, during which he allegedly facilitated the award of public works contracts to PROMAT and interceded on its behalf in official matters. When Fabian attempted to terminate the relationship, Agustin allegedly resorted to harassment, intimidation, and threats. As a result, Fabian filed a letter-complaint dated July 24, 1995 before the Office of the Ombudsman, charging Agustin with grave misconduct, oppression, and immoral conduct, and seeking his dismissal from service with preventive suspension.

After investigation, Graft Investigator Eduardo R. Benitez issued a resolution on January 31, 1996 finding Agustin guilty of grave misconduct and recommending his dismissal from service with forfeiture of benefits. This resolution was approved by the Director and Assistant Ombudsman. On February 26, 1996, Ombudsman Aniano Desierto affirmed the finding of guilt but modified the penalty, imposing instead a one-year suspension without pay. Agustin filed a motion for reconsideration. However, Ombudsman Desierto inhibited himself after discovering that Agustin's new counsel was his former classmate and close associate. The case was then assigned to Deputy Ombudsman Jesus F. Guerrero, who, in a Joint Order dated June 18, 1997, reversed the earlier ruling and exonerated Agustin from all administrative charges.

Fabian elevated the case to the Supreme Court through a petition for review on certiorari under Rule 45, invoking Section 27 of Republic Act No. 6770, which allowed appeals from administrative disciplinary decisions of the Ombudsman directly to the Supreme Court. She challenged both the exoneration of Agustin and the Ombudsman's procedural rule declaring decisions absolving respondents as final and unappealable. Fabian argued that the Ombudsman's rules could not curtail her statutory right to appeal, nor restrict the Supreme Court's power of review.

The respondents countered that the Ombudsman is constitutionally empowered to promulgate its own rules of procedure and that its rule declaring decisions of absolution final and unappealable was valid. They also raised procedural objections, arguing that Fabian improperly invoked Rule 45 and that her remedy, if any, lay in a special civil action for certiorari under Rule 65.

While resolving these procedural issues, the Supreme Court, on its own initiative, raised a more fundamental constitutional question: whether Section 27 of Republic Act No. 6770, which authorized direct appeals to the Supreme Court from Ombudsman decisions in administrative disciplinary cases, violated Section 30, Article VI of the 1987 Constitution. This constitutional provision prohibits Congress from passing any law increasing the appellate jurisdiction of the Supreme Court without its advice and concurrence. The Court directed the parties to submit their positions on this issue.

After thorough consideration, the Supreme Court ruled that Section 27 of Republic Act No. 6770 was unconstitutional insofar as it authorized direct appeals to the Supreme Court from administrative disciplinary decisions of the Ombudsman. The Court held that this provision effectively expanded its appellate jurisdiction beyond what the Constitution allows, and there was no showing that Congress had obtained the Court's advice and consent prior to enacting the law. The Court emphasized that under the present procedural system, appeals from quasi-judicial agencies, including the Office of the Ombudsman, should properly be taken to the Court of Appeals under Rule 43 of the Rules of Court. This procedural scheme promotes efficiency, consistency, and proper case management, as the Court of Appeals is better suited to review factual matters commonly involved in administrative disciplinary cases.

Consequently, the Supreme Court declared Section 27 of Republic Act No. 6770, as well as Section 7, Rule III of Administrative Order No. 07 and all related provisions allowing appeals to the Supreme Court, unconstitutional and void. The Court did not resolve the merits of Fabian's administrative complaint. Instead, it ordered that the case be transferred to the Court of Appeals for final disposition, to be treated as a petition for review under Rule 43. In doing so, the Supreme Court underscored that the proper forum for reviewing administrative disciplinary decisions of the Ombudsman is the Court of Appeals, consistent with constitutional limitations on judicial power and the orderly administration of justice.

**Issue & Ruling:**

Whether or not Section 27 of Republic Act No. 6770, which allows direct appeals to the Supreme Court from administrative disciplinary decisions of the Office of the Ombudsman, is constitutional in light of the constitutional prohibition against increasing the appellate jurisdiction of the Supreme Court without its advice and consent.

No. The Supreme Court held that Section 27 of Republic Act No. 6770 is unconstitutional for increasing the appellate jurisdiction of the Court without its advice and consent, and ruled that appeals from administrative disciplinary decisions of the Ombudsman should instead be brought to the Court of Appeals under Rule 43 of the Rules of Court.

**G.R. No. 81954 August 8, 1989**

**CESAR Z. DARIO, petitioner, vs. HON. SALVADOR M. MISON, etc. respondents.**

**Topic:** Reorganization after authoritarianism; institutional reform and rights protection; Use: Reform-era restructuring, resistance, and institutional rebuilding

**Facts:**

The controversy in *Dario v. Mison* arose in the context of the massive reorganization of the Philippine government following the 1986 EDSA Revolution and the installation of President Corazon C. Aquino. On March 25, 1986, President Aquino issued Proclamation No. 3, otherwise known as the Freedom Constitution, which authorized the President to reorganize the entire government bureaucracy in order to dismantle structures associated with the previous authoritarian regime and to restore democratic governance. Pursuant to this authority, President Aquino later issued Executive Order No. 127 on January 30, 1987, reorganizing the Ministry of Finance and, consequently, the Bureau of Customs. The executive order prescribed a new staffing pattern and authorized the appointment of new personnel to positions created under the reorganization.

In implementation of Executive Order No. 127, respondent Salvador M. Mison, in his capacity as Commissioner of Customs, issued guidelines for personnel placement within the Bureau of Customs. As a result, numerous customs officials, including petitioner Cesar Z. Dario, were effectively separated from the service. Dario had been occupying a career civil service position, and his separation occurred without prior notice, hearing, or the filing of any administrative charge. He was simply informed that his position had been abolished as part of the reorganization and that he was not included in the new staffing pattern.

Aggrieved, Dario challenged his removal, asserting that the reorganization violated his constitutional right to security of tenure under the 1987 Constitution, which had already taken effect on February 2, 1987. He argued that while the Freedom Constitution temporarily allowed broad executive powers of reorganization, such authority could no longer be exercised to summarily remove career civil service employees once the 1987 Constitution had come into force. He maintained that after the ratification of the new Constitution, any separation from government service must comply with constitutional safeguards, including due process and the requirement of just cause.

The government, through respondents Mison, Jayme, and Macaraig, defended the validity of the reorganization, arguing that Executive Order No. 127 was a legitimate

exercise of the President's authority to reorganize executive departments. They contended that the abolition of positions pursuant to a bona fide reorganization is a recognized ground for separation from service and does not necessarily violate the constitutional guarantee of security of tenure.

The Civil Service Commission intervened and ruled in favor of petitioner Dario, holding that his removal was illegal. It found that the reorganization was used as a device to terminate employees without valid cause, and that there was no showing that Dario's position was truly abolished or that his functions had ceased to exist. The Commission ordered his reinstatement, emphasizing that career civil service employees are constitutionally protected and cannot be removed except for cause and after due process.

The government officials elevated the matter to the Supreme Court, arguing that the President's reorganization authority justified the separation of personnel and that the Civil Service Commission committed grave abuse of discretion in ordering reinstatement.

In resolving the controversy, the Supreme Court undertook an extensive examination of the scope of executive reorganization powers vis-à-vis the constitutional protection of civil service employees. The Court recognized that during the effectivity of the Freedom Constitution, the President possessed broad authority to reorganize the government. However, it categorically ruled that such sweeping authority ceased upon the ratification of the 1987 Constitution. With the effectivity of the new Constitution, the fundamental principle of security of tenure became fully operative, protecting career civil servants from arbitrary removal.

The Court explained that while reorganization is a legitimate governmental function, it must be undertaken in good faith and cannot be used as a subterfuge to circumvent constitutional protections. A valid reorganization must be based on a genuine necessity to streamline operations, promote efficiency, or reduce redundancy, and not to summarily dismiss employees for political, personal, or arbitrary reasons. The abolition of offices must be real and not merely nominal, and the removal of personnel must not be tainted by bad faith.

Applying these principles, the Supreme Court found that petitioner Dario's removal violated his constitutional right to security of tenure. The Court observed that his position continued to exist, and that his functions were merely transferred to newly appointed personnel. This demonstrated that the supposed abolition of his office was illusory and served merely as a device to justify his separation. Moreover, his

termination was effected without notice, hearing, or any showing of lawful cause, thereby violating due process.

The Supreme Court thus affirmed the ruling of the Civil Service Commission and declared the dismissal of petitioner Dario illegal. It ordered his reinstatement and recognized his entitlement to the protection guaranteed by the Constitution. The Court stressed that although the government has the authority to reorganize its agencies, such power must always be exercised within constitutional limits and in faithful observance of public policy favoring stability, professionalism, and fairness in public administration.

In sum, the Court ruled that reorganization cannot be used as a convenient mechanism to remove career officials without lawful cause, and that the constitutional guarantee of security of tenure must prevail over administrative expediency. The decision firmly anchored public administration on the rule of law, due process, and accountability, emphasizing that reforms in government must be pursued without sacrificing the fundamental rights of public servants.

**Issue & Ruling:**

Whether or not the separation of petitioner Cesar Z. Dario from government service pursuant to the reorganization of the Bureau of Customs under Executive Order No. 127 violated his constitutional right to security of tenure and the principles of due process in public administration.

Yes. The Supreme Court held that petitioner's removal was illegal because the reorganization was used as a subterfuge to dismiss career civil service employees without lawful cause and due process, thereby violating the constitutional guarantee of security of tenure.