103 Phil. 201

[G. R. No. L-5707. March 27, 1958]

THE PEOPLE OF THE PHILIPPINES, PLAINTIFF AND APPELLEE, VS. DIONISIO VERSOLA, DEFENDANT AND APPELLANT.

D E C I S I O N

CONCEPCION, J.:

This is an appeal, taken by defendant Dionisio Versola, from a decision of the Court of First Instance of Cotabato, convicting him of operating a rice mill without a license therefor, in violation of section 3 of Act No. 3893, otherwise known as "The General Bonded Warehouse Act," and sentencing him to pay a fine of P10.00, with subsidiary imprisonment in case of insolvency, as well as the costs, and the amount of the license, required by law, for the year 1951, and, also, file the bond prescribed in said act.

Appellant is the owner and operator of a rice mill, enclosed within a structure or "camarin", 6 by 8 meters, made of wooden posts and partition walls, with cogon roof, located in the barrio of Banawa, municipality of Kabacan, province of Cotabato, Philippines. It is not disputed that in January, 1951, and prior thereto, appellant accepted and milled palay in his aforementioned "camarin", and charged therefor from P0.50 to P0.80 per cavan, without securing the license provided for in Act No. 3893, from the Bureau of Commerce. What is more, he refused to obtain said license, although a representative of said office had urged him to secure one. Appellant maintains that his mill is not subject to the provisions of said Act, upon the ground that the structure above mentioned is used for milling only, not for the storage and deposit of palay or rice; that, sometimes, his customers bring small quantities of palay, ranging from one petroleum can to a sack; and that the palay or rice received in his "camarin" is not kept therein for over an hour.

Sections 3, 4 and 5 of Act No. 3893 read:

> "Sec. 3. No person shall engage in the business of receiving rice for storage

> without first securing a license therefor from the Director of the Bureau of Commerce and Industry. Said license shall be annual and shall expire on the thirty-first day of December.
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> "Sec. 4. Any person applying for a license to engage in the business of receiving rice for storage shall set forth in the application the place or places where the business and the warehouse are to be established or located and the maximum quantity of rice to be received. The application shall be accompanied by a cash bond or bond secured by real estate or signed by a duly authorized bonding company, the amount of which shall be fixed by the Director of the Bureau of Commerce and Industry at not less than, thirty-three and one-third per cent of the market value of the maximum quantity of rice to be received. Said bond shall be so conditioned as to respond for the market value of the rice actually delivered and received at any time, the warehouseman is unable to return the rice or to pay its value. The bond shall be approved by the Director of the Bureau of Commerce and Industry before a license shall issue, and it shall be the duty of said Director, before issuing a license under this Act, to satisfy himself concerning the sufficiency of such bond, and to determine whether the warehouse for which such license is applied for is suitable for the proper storage of rice.
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> "Sec. 5. Whenever the Director of the Bureau of Commerce and Industry shall determine that a bond approved by him, is, or for any cause, has become insufficient, he may require an additional bond or bonds to be given by the warehouseman concerned, conforming with the requirements of the preceding section, and unless the same be given within the time fixed by a' written demand therefor the license of such warehouseman may be suspended or revoked."

At first blush, these provisions would seem to apply only to warehouses actually used for storage of rice, not for milling exclusively. However, section 2 of said Act provides:

> "As used in this Act, the term 'warehouse' shall be deemed to mean every building, structure, or other protected inclosure in which rice is kept for storage. The term 'rice' shall be deemed to mean either palay, in bundles or in grains, of cleaned rice, or both. 'Person' includes a corporation or partnership or two or more persons having a joint or common interest; 'warehouseman' means a

> person engaged in the business of receiving rice for storage; and 'receipt' means any receipt issued by a warehouseman for rice delivered to him. *For the purpose of this Act, the business of receiving rice for storage shall include* (1) any contract or transaction wherein the warehouseman is obligated to return the very same rice delivered to him or to pay its value; (2) *any contract or transaction wherein the rice delivered is to be nulled for and on account of the owner thereof;* (3) any contract or transaction wherein the rice delivered is commingled with rice delivered by or belonging to other persons, and the warehouseman is obligated to return rice of the same kind or to pay its value." (Italic ours.)

It is admitted that appellant has been engaged in transactions pursuant to which the palay "delivered is to be milled for and on account of the owner thereof'". It is clear, therefore, that his business falls under the second subdivision of the foregoing enumeration.

Appellant insists, however, that the provisions above quoted could have no possible application where rice is delivered, not for storage, but for milling purposes, as, he claims, in his case. However, we are inclined to hold otherwise. To begin with, the law explicitly applies to any mill enclosed in a structure where palay is received mainly for milling. Secondly, in the ordinary course of business, *this purpose cannot be accomplished without keeping the palay for some time in the mill, and, hence, with" out storing therein said commodity.*

For obvious reasons, every region has its own harvest and milling seasons. When the same come, the palay planted in each region are harvested at about the same time. As a consequence, the bulk of said palay is likewise milled within the same period of time. When the rice mill is—as that of appellant herein—one of the only two (2) existing within the perimeter of three (3) barrios, with hundreds of families residing therein, it is bound to be heavily pressed by the demands of its customers during the milling season. As a consequence, not all palay brought to the mill could always be hulled immediately, much less removed therefrom within one hour. This is specially true when we consider that no person could possibly live and support his family, if the field he cultivates produced only from a petroleum can to a sack of palay yearly. Normally, therefore, each one of those availing themselves of the services of said mill would have scores of cavanes of palay, the hulling of which would require some time. When the commodity belonging to a given customer cannot be milled right away, he is constrained, therefore, to leave it in the "camarin", for it would be inconvenient and impractical for him to take the grains back to

his place, not only beeause of the time consumed, the trouble taken, and perhaps, the expenses incurred in bringing the cereals to the mill, but also, because he would have to haul the palay once more to the mill, either the next day or at some other time, without any assurance that others might not be ahead of him. In other words, it is generally more advantageous for said customer to leave in the "camarin" the palay above referred to, for hulling when its turn should come.

Upon the other hand, it is not to be expected that the owner or operator of the mill would refuse to receive palay which, owing to pending work, could not be milled forthwith. In fact, appellant did not testify that he rejected such palay. What is more, appellant had to increase the size of his "camarin", from six (6) by six (6) meters—as it was originally built—to six (6) by eight (8) meters. This indicates clearly that he had found it necessary to make more room for the storage of commodities therein.

At any rate, whenever a rice mill, engaged in the business of hulling palay for others, is housed in a "camarin" like that of appellant herein, the keeping of palay or rice therein follows as a necessary consequence. This is true, even if the grains were received therein exclusively for milling purposes. Hence, one way or the other, there is a form of storage, the duration of which may vary, depending upon circumstances. In any event, the rice mill operator is responsible for the palay or rice, while the same is in his possession, and public policy or public interest demands that the rights of the owners of the commodity—which is our main staple—be duly protected. Hence, the need of securing the license prescribed in Act No. 3893, in order that the Director of Commerce could determine the conditions under which the mill may be authorized to operate, conformably with the objectives of said legislation, and the amount of the bond to be required for the protection of the people who avail themselves of its services.

This appeal is, therefore, untenable. However, we agree with the Solicitor General that, under the provisions of said Act, the lower court had no authority to order, in this criminal case, the payment by appellant of the license for 1951, and the filing of the bond aforementioned. These are not part of the penalty prescribed by law for the offense charged, apart from being within the administrative jurisdiction of the Director of Commerce.

Wherefore, with the elimination of the order just mentioned, the decision appealed from is hereby affirmed, in all other respects, with costs against defendant-appellant Dionisio Versola. It is so ordered.

Paras, C. J., Bengzon, Padilla, Montemayor, Reyes, A., Bautista Angelo, Reyes, J. B. L.,

Endencia, and Felix, JJ., concur.

Date created: October 14, 2014