

**\*\*Title: City of Manila, et al. vs. Hon. Perfecto A.S. Laguio, Jr., and Malate Tourist Development Corporation\*\***

**\*\*Facts:\*\***

Malate Tourist Development Corporation (MTDC), the private respondent, operates Victoria Court in the Ermita-Malate area, licensed as a motel but accredited as a hotel by the Department of Tourism. On June 28, 1993, MTDC filed a Petition for Declaratory Relief with the Regional Trial Court (RTC) challenging the constitutionality of Ordinance No. 7783 enacted by the City of Manila which prohibited certain forms of entertainment and businesses, including motels and inns in the Ermita-Malate area.

Ordinance No. 7783 aimed to curb businesses that purportedly disturbed the community, annoyed the inhabitants, and adversely affected the social and moral welfare of the community. The Ordinance mandated affected business establishments to wind up operations or convert into allowed businesses within three months.

MTDC argued that the Ordinance was invalid and unconstitutional, claiming it had no power to prohibit its operation. MTDC also contended that the Ordinance contravened P.D. 499, which declared parts of the Ermita-Malate area as a commercial zone, and violated the Local Government Code of 1991 granting the City Council regulatory, but not prohibitory power.

Petitioners, comprised of the City of Manila and its officials, defended the Ordinance's validity citing the local government's police power as encompassed by Section 458 (a) 4 (vii) of the Local Government Code, arguing it was meant to protect the social and moral welfare of the community.

The RTC, through Judge Perfecto A.S. Laguio, Jr., declared the Ordinance void. Petitioners filed a Notice of Appeal on December 12, 1994, and proceeded with the present petition to the Supreme Court.

**\*\*Issues:\*\***

1. Whether the Ordinance violated constitutional due process and equal protection clauses.
2. Whether the Ordinance was a valid exercise of police power.
3. Whether the Ordinance was consistent with the Local Government Code and P.D. 499.
4. Whether the Ordinance was a reasonable, non-oppressive governmental regulation.

**\*\*Court's Decision:\*\***

The Supreme Court denied the petition, affirming the RTC decision that declared the Ordinance null and void. The Court ruled that the Ordinance violated the due process clause as it was an arbitrary and unreasonable restriction on property and personal rights. It infringed upon the liberty of individuals to use their property.

The equal protection clause was violated as there was no substantial distinction between the prohibited establishments (motels, inns) and those permitted (e.g., pension houses, hotels), and the Ordinance discriminated on the basis of gender and geography.

The Court found the Ordinance to be ultra vires as it acted beyond the City Council's regulatory powers granted by the Local Government Code to regulate, not prohibit, businesses like motels and declared it inconsistent with P.D. 499, which designated the Ermita-Malate area as a commercial zone.

The Ordinance was deemed to be oppressive to business owners and constituted a taking of property without just compensation, requiring a business to cease operations or relocate without due process of law.

**\*\*Doctrine:\*\***

1. Local government units must only exercise powers expressly granted to them by law; they cannot contravene the Constitution or defy legislative will.
2. The police power of local government must be exercised within the confines of due process and equal protection clauses; any arbitrary invasion of private rights is impermissible.
3. Regulations imposing limitations on businesses must be reasonable and not amount to a taking without just compensation.

**\*\*Class Notes:\*\***

1. The due process clause limits government power to deprive a person of life, liberty, or property without fair and just legal procedures and adequate reason.
2. Equal protection requires all persons in similar circumstances to be treated alike.
3. Police power pertains to regulations for the welfare and good order of the community but should not overstep constitutional rights.
4. A government action is considered a regulatory taking if it denies all economically beneficial use of land and interferes with investment-backed expectations.

**\*\*Historical Background:\*\***

This case illustrates the conflict between municipal government attempts to regulate

morality within their jurisdiction and the constitutional rights of individuals and business owners. It underscores the balance that needs to be struck between societal concerns and individual freedoms within the historical and cultural context of the Ermita-Malate area, known for its nightlife and, at times, associated with social vices.