

Title: Drugstores Association of the Philippines, Inc. and Northern Luzon Drug Corporation vs. National Council on Disability Affairs et al.

Facts:

The Republic Act (R.A.) No. 7277, known as the “Magna Carta for Disabled Persons,” was enacted on March 24, 1992, to integrate persons with disability (PWDs) into the mainstream of society. On April 30, 2007, R.A. No. 7277 was amended by R.A. No. 9442, granting a mandatory 20% discount on the purchase of medicine for PWDs. A tax deduction scheme was adopted for establishments, allowing discounts granted to be deducted from gross income based on net cost of goods sold or services rendered.

Various administrative orders and revenue regulations were issued to implement R.A. No. 9442, including guidelines for the issuance of PWD Identification Cards (IDC) and the process of availing tax deductions by establishments offering the PWD discounts. Specifically, DOF Revenue Regulation No. 1-2009 prescribed rules for establishments to deduct the discount from gross income, and DOH A.O. No. 2009-0011 set out detailed guidelines for PWD discounts in purchasing medicines.

On July 28, 2009, the Petitioners (Drugstores Association of the Philippines, Inc. and Northern Luzon Drug Corporation) filed a Petition for Prohibition with the Court of Appeals seeking to annul and enjoin the implementation of the statutes and regulations on the grounds that they violated constitutional provisions for due process, eminent domain, and equal protection.

The Court of Appeals upheld the constitutionality of the mandatory discount for PWDs on July 26, 2010, but suspended the effectivity of NCDA A.O. No. 1 pending proof of complete compliance with filing and publication requirements. Subsequently, NCDA provided the necessary proof, and the CA lifted the suspension on November 19, 2010.

The Petitioners then filed a Petition for Review on Certiorari with the Supreme Court, raising issues of the validity of the discount under the exercise of police power, alleged due process violations, the vagueness of the definition of disability, and the violation of the equal protection clause.

Issues:

1. Whether the CA erred in ruling that the mandatory PWD discount is a valid exercise of police power, and not an invalid exercise of eminent domain for failing to provide just compensation.

2. Whether the CA erred in ruling that there is no violation of the due process clause.
3. Whether the CA erred in ruling that the definitions of disabilities are not vague, ambiguous, and unconstitutional.
4. Whether the CA erred in ruling that the mandatory PWD discount does not violate the equal protection clause.

Court's Decision:

The Supreme Court denied the petition, affirming the CA's Decision and Resolution in CA-G.R. SP No. 109903, holding that:

1. The mandatory discount is a legitimate exercise of police power akin to the senior citizens' discount, with the state's interest in promoting the welfare of PWDs being the primary consideration.
2. The law was not in violation of the due process clause, as it provided sufficient standards and procedures for determining PWD eligibility for discounts, and the IRR of R.A. No. 9442 and subsequent administrative orders and regulations provided clear guidelines.
3. The definition of disabilities as outlined in the law and its IRR was not vague or ambiguous, with identifiable standards for issuing PWD identification and assessing discounts.
4. The discount scheme does not violate the equal protection clause as the classification of PWDs is based on reasonable and substantial distinctions related to the purpose of the law.

Doctrine:

- A law granting privileges and benefits to a certain class (PWDs, in this case) can be a valid exercise of police power when it promotes the welfare of that class and, by extension, that of the community.
- Legislative classifications must be reasonable, based on substantial differences, and germane to the purposes of the law.

Class Notes:

- Police Power: The state's regulatory power over liberty and property to promote public welfare.
- Eminent Domain: The state's power to take private property for public use with just compensation.
- Due Process Clause: A requirement that legal matters be resolved according to established rules and principles, ensuring fairness.
- Equal Protection Clause: A constitutional guarantee that no person or class of persons

shall be denied the same protection of the laws that is enjoyed by other persons or other classes in like circumstances.

Historical Background:

The enactment of R.A. No. 7277 in 1992 and its amendment by R.A. No. 9442 in 2007 signify the Philippine government's commitment to international human rights standards, particularly the rights of PWDs. The legislation underscores the country's evolving policy towards inclusivity, social justice, and the protection of marginalized groups. These laws were crafted within the context of the global acknowledgment of the rights of PWDs, influenced partly by international conventions such as the United Nations Convention on the Rights of Persons with Disabilities, which the Philippines ratified.