

### Title:

Valentin Tio vs. Videogram Regulatory Board: A Case of Videogram Industry Regulation

### Facts:

This legal battle began with the petitioner, Valentin Tio, conducting business under Omi Enterprises, challenging the constitutionality of Presidential Decree No. 1987, which established the Videogram Regulatory Board with expansive powers to regulate and supervise the videogram industry. This decree came into effect on April 10, 1986, following its promulgation on October 5, 1985. Subsequently, Presidential Decree No. 1994 amended the National Internal Revenue Code to impose an annual tax on processed videotape cassettes. The Greater Manila Theaters Association and other stakeholders intervened in the case, citing the unregulated proliferation of film piracy as a threat to their existence.

The case reached the Supreme Court after Tio filed this petition on September 1, 1986, challenging various aspects of the decrees, including their constitutionality, the imposition of taxes, and the alleged undue delegation of legislative powers. The Supreme Court's role was to adjudicate on these issues, taking into account the interventions and the broader implications of the decree on the videogram industry and the entertainment sector at large.

### Issues:

1. Whether the tax provision in the DECREE is a rider and not germane to its subject matter.
2. If the tax imposed is oppressive, confiscatory, and in restraint of trade, violating the due process clause of the Constitution.
3. The legal and factual basis for the promulgation of the DECREE under Amendment No. 6 of the 1973 Constitution.
4. Whether the DECREE represents an undue delegation of legislative power.
5. If the DECREE violates the ex post facto principle.
6. Whether the DECREE constitutes over-regulation of the video industry, treating it as a nuisance.

### Court's Decision:

1. The Court found the tax provision to be germane to the DECREE's purpose, thus not a rider. The provision was integral to regulating the videogram industry through taxation.
2. The Court ruled that the tax, while regulatory, serves a public purpose without being confiscatory or in restraint of trade. It equates to the 30% amusement tax in the movie industry, aimed at addressing piracy and copyright violations.

3. The Court deferred judgment on the legal and factual basis for the decree's promulgation, pending the resolution of related challenges under Amendment No. 6.
4. The delegation of enforcement power to the Videogram Regulatory Board was deemed not to be an undue delegation of legislative power, but rather a necessary mechanism for the DECREE's enforcement.
5. The DECREE was held not to violate the ex post facto law principle, as the provisions for registration and penalties were deemed rational and not retroactive.
6. The Court dismissed the concern over the alleged over-regulation of the video industry, recognizing the need for regulation to promote public welfare and the fiscal interests of the state.

### ### Doctrine:

The decision reaffirmed the doctrines that:

- A statutory provision is not a rider if it is germane to the subject matter of the law.
- A tax does not become invalid simply because it regulates, discourages, or deters the activities taxed.
- Legislative discretion in tax imposition is not subject to judicial interference provided it serves a public purpose and is not confiscatory.
- Undue delegation occurs only when legislative power is transferred without clear guidelines for its implementation.

### ### Class Notes:

- Every bill must only include one subject, which should be expressed in its title. However, provisions related to the main subject are permissible.
- Taxes are valid even if they regulate or deter activities, as long as they serve a public purpose and are not confiscatory.
- The principle of non-delegation of powers allows regulatory bodies some discretion in implementing laws, provided there are clear guidelines.
- Ex post facto laws alter legal rules to the detriment of the accused. Laws creating presumptions based on a rational connection between the fact proved and the fact presumed do not violate this principle.
- The 'wisdom, necessity, and expediency' of legislation fall within the exclusive domain of the legislative branch and are beyond judicial review.

### ### Historical Background:

The Videogram Regulatory Board was created at a time when the Philippine movie industry was threatened by the unregulated circulation of videograms, contributing to piracy, loss of

government revenue, and moral concerns over content. This case illustrates the balancing act between regulation for public welfare and economic interests against the backdrop of constitutional checks and balances.