

### Title:

First Lepanto Ceramics, Inc. vs. Hon. Court of Appeals and Mariwasa Manufacturing, Inc.

### Facts:

First Lepanto Ceramics, Inc. (petitioner) was granted registration as a non-pioneer enterprise by the Board of Investments (BOI) under Executive Order No. 226 for the manufacture of glazed floor tiles. Its registration came with the condition that the company would export at least 50% of its production and solely produce glazed floor tiles. Later, First Lepanto requested BOI to amend its certificate to include “ceramic tiles” thereby allowing the production of ceramic wall tiles as well. While this request was pending, Mariwasa Manufacturing, Inc. (respondent), a competitor, filed complaints against First Lepanto alleging violation of its registration terms by using tax-exempt equipment for ceramic wall tiles production.

The BOI found First Lepanto guilty, imposing a fine but left open the possibility of amending the registration certificate. First Lepanto paid the fine and formally applied for the amendment. Despite another complaint from Mariwasa alleging continued violations by First Lepanto, which the BOI dismissed, the BOI approved the amendment application. Mariwasa then approached the Court of Appeals challenging this decision. The appellate court issued a restraining order against the BOI decision and, upon review, annulled it as “premature” pending the resolution of BOI Case No. 92-004. First Lepanto’s motion for reconsideration was denied; hence, this petition to the Supreme Court.

### Issues:

1. Whether the Court of Appeals erred in annulling the BOI decision to amend First Lepanto’s certificate of registration on the grounds of procedural impropriety (i.e., the decision being “premature”).
2. Whether the decision by the Court of Appeals infringes on the mandate and administrative discretion of the BOI under Executive Order No. 226.

### Court’s Decision:

The Supreme Court ruled in favor of First Lepanto, reversing the Court of Appeals’ decision and reinstating the BOI’s approval of the amendment to the registration certificate. The court held that the appellate court’s basis for annulment, which was the pending resolution of another related case, was speculative and not a valid ground to negate the BOI’s decision. The Supreme Court emphasized the administrative discretion and technical expertise of the BOI in evaluating and deciding on investment projects and its role in fulfilling the objectives

of Executive Order No. 226, which seeks to encourage investment and competition.

### ### Doctrine:

This case reiterates the doctrine of non-interference in the exercise of administrative discretion by specialized government agencies, particularly in matters requiring technical knowledge and evaluation. Courts should not substitute their judgment for that of administrative bodies in areas where the latter has been granted authority under the law.

### ### Class Notes:

- **Administrative Discretion**: The principle that courts should not interfere with the exercise of administrative discretion by government agencies in areas where those agencies have been granted authority under the law and where the issues require specialized knowledge and expertise.
- **Executive Order No. 226 (Omnibus Investments Code of 1987)**: Outlines the policies and framework for investments in the Philippines, emphasizing the role of the Board of Investments in promoting investments and granting incentives.
- **Doctrine of Non-Interference**: Courts generally steer clear of reviewing the decisions of administrative bodies on matters within the expertise and jurisdiction of those bodies, except in cases of grave abuse of discretion.

### ### Historical Background:

This case illustrates the tension between regulatory compliance and economic ambitions within the industrial sector, as embodied by the Philippine government's attempts to stimulate economic growth and competition through Executive Order No. 226. The legal battle reflects not just a dispute between two corporations but also the broader challenges of regulatory enforcement and the promotion of industry in accordance with national development policies.