

****Title:**** Vicente De La Cruz et al. v. The Honorable Edgardo L. Paras et al.

****Facts:****

This case originated from the enactment and subsequent challenge of Ordinance No. 84 by the Municipal Council of Bocaue, Bulacan, which effectively prohibited the operation of night clubs, cabarets, or dance halls employing hostesses within its jurisdiction. On November 5, 1975, two separate petitions were filed in the Court of First Instance of Bulacan by various petitioners, among them operators of night clubs, challenging the ordinance's legality on grounds that it unlawfully prohibited a lawful business and violated their rights to due process and equal protection, as their previously granted licenses were revoked without judicial proceedings. Furthermore, they argued that regulatory power over tourist-oriented businesses, including night clubs, had been shifted to the Department of Tourism under Presidential Decree No. 189, as amended.

Respondent Municipal Council defended the ordinance, invoking their authority under Section 2243 of the Revised Administrative Code, Commonwealth Act No. 601, and Republic Acts Nos. 938, 979, and 1224, insisting that the provisions were meant to protect public morals and thus did not infringe on petitioners' rights.

Following the presentation of evidence and admissions of certain facts regarding the operation of the night clubs and their regulation, the Court of First Instance, presided by Judge (now Associate Justice) Paras, upheld the ordinance's constitutionality on January 15, 1976. The decision justified the prohibition in the name of public morals and social welfare, leading to the appeal before the Supreme Court.

****Issues:****

1. Does a municipal corporation have the power to prohibit the operation of night clubs and employ hostesses, considering this a lawful trade, under the guise of exercise of police power?
2. Were the petitioners' rights to due process and equal protection violated by the effectual revocation of their operating licenses without judicial hearing, under the challenged ordinance?
3. Does the shift of regulatory power over tourist-oriented businesses, including night clubs, to the Department of Tourism under Presidential Decree No. 189 (as amended), deprive municipal councils of their authority to regulate or prohibit them?

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

The Supreme Court ruled in favor of the petitioners, reversing the decision of the lower court. It found that while regulation of businesses such as night clubs for the promotion of public morals is within the ambit of municipal powers, an outright prohibition of lawful trade or occupation is not. The Court noted that the measure's broad prohibition was unreasonable and could have been otherwise achieved by less restrictive means. Thus, the ordinance went beyond the bounds of police power as it infringed on personal and property rights without just cause.

Furthermore, the Court highlighted that even with the intention to delegate regulatory authority to the Department of Tourism, this shift did not strip municipal councils of their power to regulate, but not prohibit, such establishments.

****Doctrine:****

The decision reinforces the doctrine that municipal councils, under the exercise of police power, can regulate but not prohibit lawful trades or occupations. It stresses the importance of ensuring that any exercise of police power must be reasonable, necessary for public welfare, and not violative of constitutional rights.

****Class Notes:****

- ****Police Power:**** Municipalities can enact ordinances to regulate but not to prohibit lawful businesses in the interest of public morals, health, and safety.
- ****Due Process:**** Revoking licenses or permits for operation without a judicial hearing infringes on the due process and equal protection clauses of the Constitution.
- ****Regulation vs. Prohibition:**** A clear distinction exists between regulation, which is permissible, and prohibition of lawful businesses, which is not within the power of municipal corporations.
- ****Statutory Interpretation:**** Statutes granting powers to local government units must be interpreted in a way that avoids constitutional conflicts, favoring regulation over outright prohibition when addressing public welfare concerns.

****Historical Background:****

The case presented a pivotal moment in the understanding of local governance powers in the Philippines, particularly in the context of regulating businesses deemed by local moral standards as controversial. It occurred during a period of increasing assertion of local

autonomy alongside the need to harmonize such autonomy with national policies, especially in the tourism sector, which was undergoing significant development as an economic strategy in the 1970s. This situation underscored the tension between local government regulatory powers and the constitutional rights of business operators, leading to a crucial clarification of the limits of municipal authority vis-à-vis private liberties.