

Title: Philippine Amusement and Gaming Corporation (PAGCOR) vs. Philippine Gaming Jurisdiction Incorporated (PEJI) and Zamboanga City Special Economic Zone Authority

Facts:

The case involves the Philippine Amusement and Gaming Corporation (PAGCOR), a government-owned and controlled corporation established to regulate all games of chance in the Philippines, and the respondent, Zamboanga City Special Economic Zone Authority (ZAMBOECOZONE Authority), which approved the application of PEJI as a Master Licensor/Regulator of online/internet/electronic gaming within the ZAMBOECOZONE. PAGCOR filed a petition for prohibition, challenging the authority of the ZAMBOECOZONE Authority to license or regulate games of chance, citing that Republic Act (RA) No. 7903, which created ZAMBOECOZONE, does not explicitly grant it such authority. The contention stemmed from Resolution No. 2006-08-03, where ZAMBOECOZONE Authority granted the license to PEJI, which then advertised its new regulation powers extensively. PAGCOR argued this act encroached upon its mandated regulatory authority under Presidential Decree No. 1869 and other relevant statutes.

Issues:

1. Does RA No. 7903 grant ZAMBOECOZONE Authority the power to operate, license, or regulate games of chance in ZAMBOECOZONE?
2. Can PEJI lawfully operate games of chance under the license granted by the ZAMBOECOZONE Authority?
3. Does PAGCOR possess exclusive authority over all games of chance in the Philippines, which the ZAMBOECOZONE's actions violate?

Court's Decision:

The Supreme Court granted PAGCOR's petition, interpreting RA No. 7903 strictly. It determined that the Act does not expressly authorize ZAMBOECOZONE Authority to regulate, license, or operate games of chance. The Court emphasized statutory construction principles, noting the specific mention of such powers in other economic zone laws but their absence in RA No. 7903. The Court also considered the administrative interpretation by the Office of the President, which distinguished the powers granted to different economic zones and found ZAMBOECOZONE not authorized to engage in gaming activities by its legislative franchise. Consequently, both ZAMBOECOZONE Authority and PEJI were directed to cease and desist from operating or licensing games of chance.

Doctrine:

The Court reiterated the doctrine of verba legis in statutory construction, which mandates that if the statute's words are clear, plain, and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation. According to this doctrine, the legislature is presumed to have expressed its intention through the words of the statute.

Class Notes:

- Statutory Construction: Principles such as verba legis emphasize the importance of adhering to the literal words of a statute when clear and unambiguous.
- Legislative Intent: In determining the powers granted by legislative acts, the specific inclusion or exclusion of terms is significant. The absence of explicit authorization (e.g., for games of chance) means the power was not granted.
- Doctrine of Administrative Interpretation: Respect for administrative or practical construction, especially from the agency under which the statute falls or related executive bodies, can inform judicial interpretation.

Historical Background:

This case arises in the broader context of the Philippine government's efforts to regulate gaming and establish economic zones to boost local economies. PAGCOR was established to centralize and regulate all forms of gambling, including within economic zones. However, RA No. 7903 creating the ZAMBOECOZONE and the subsequent license to PEJI raised concerns about the scope of gaming authorization in economic zones and the balance between local autonomy and centralized regulatory control.