

Title: Lucero, Jr. et al. vs. City Government of Pasig

Facts: This case revolves around a dispute over the lease of market stalls in Pasig Public Market. Petitioners Ruperto Lucero, Jr., Pablo Lucero, and Antonio Tenorio were initially granted lease contracts under Municipal Ordinance No. 25, series of 1983. Following the renovation and expansion of the market in 1993, the municipal government enacted Municipal Ordinance No. 56, series of 1993, which required all stall occupants to submit new applications for their leases—the petitioners refused to comply.

Their refusal led the city government to file an ejectment complaint against them in 1995, claiming unpaid rental fees and a failure to post a required performance bond. The petitioners contested this, asserting compliance with their original lease terms and their continuous attempts to pay rent, even through bank deposits when the city refused their payments.

The Metropolitan Trial Court (MTC) ruled in favor of the petitioners, but upon appeal by the city government, the Regional Trial Court (RTC) reversed the MTC's decision, which was further affirmed by the Court of Appeals (CA). The critical contention in this case centers around the validity and impact of Municipal Ordinance No. 56 on the petitioners' original lease agreements.

Issues: The pivotal issue presented before the Supreme Court was whether the petitioners had a vested right to continue their market stall leases under the original terms set by Municipal Ordinance No. 25, series of 1983, despite the enactment of Municipal Ordinance No. 56, series of 1993.

Court's Decision: The Supreme Court denied the petition, upholding the CA's decision. It clarified that the petitioners' lease contracts did not imbue them with irrefutable rights to the market stalls. Instead, these contracts granted them a privilege contingent on compliance with current laws and ordinances. The Court emphasized that managing public market stalls falls within the Sanggunian's police power to regulate for public welfare. It held that the enactment of Municipal Ordinance No. 56 was a legitimate exercise of this power, overriding the petitioners' original lease terms.

Doctrine: This case clarifies that leases of public market stalls are not vested rights but are privileges subject to the regulatory powers of the local government. It underscores the principle that public welfare and policy can necessitate the modification or abrogation of existing contracts, without violating the non-impairment clause, given the supremacy of

police power towards the general welfare.

Class Notes:

- Vested Rights: Rights that are absolute, complete, unconditional, and not dependent upon a contingency. This case establishes that lease contracts for public market stalls do not confer vested rights that are immune to changes in regulation.
- Police Power: The inherent authority of the state to regulate for the public welfare. This case exemplifies the use of police power in overriding existing agreements to accommodate changes in policy aimed at the common good.
- Non-impairment Clause: Protected against arbitrary state actions but subject to the limitations imposed by police power.

Historical Background: The transition of Pasig from a municipality to a highly urbanized city brought changes in its regulatory environment, including the management of public markets. The enactment of Municipal Ordinance No. 56, amidst these transitions, represents the local government's efforts to modernize and standardize market operations for better public service, which inadvertently led to disputes with pre-existing lessees. This case illuminates the challenges in balancing individual rights with public interests amidst urban development.