

Title: ****Senator Robert S. Jaworski vs. Philippine Amusement and Gaming Corporation (PAGCOR) and Sports and Games Entertainment Corporation (SAGE)****

Facts:

The Philippine Amusement and Gaming Corporation (PAGCOR), a government-owned corporation, was granted a franchise under Presidential Decree No. 1869, issued on July 11, 1983, to centralize and regulate all games of chance in the Philippines. On March 31, 1998, PAGCOR's board approved an agreement granting Sports and Games Entertainment Corporation (SAGE) the authority to operate sports betting and internet gaming at PAGCOR's casino locations and service both local and international bettors. This agreement, executed on September 1, 1998, led to the commencement of SAGE's internet gambling operations. Senator Robert S. Jaworski, in his capacity as a member of the Senate and chairman of the Senate Committee on Games, Amusement and Sports, filed a petition challenging the validity of PAGCOR's grant of authority to SAGE to operate internet gambling, contending that PAGCOR overstepped its franchise limits as internet gambling was not contemplated in its original franchise and it extends beyond Philippine territorial jurisdiction.

Issues:

1. Whether PAGCOR has the authority under Presidential Decree No. 1869 to operate or authorize internet gambling.
2. Whether PAGCOR acted without or in excess of its jurisdiction, or with grave abuse of discretion, when it authorized SAGE to operate internet gambling based on the rights to operate gambling casinos, clubs, and other amusement places under Section 10 of P.D. 1869.

Court's Decision:

The Supreme Court ruled that PAGCOR exceeded its authority by granting SAGE the right to operate internet gambling. The Court emphasized that the original franchise under P.D. 1869 did not contemplate internet gambling since it did not exist at the time of the decree's enactment. Moreover, the Court noted that the franchise limits its operations to the territorial jurisdiction of the Philippines, which internet gambling inherently transcends. The Supreme Court concluded that PAGCOR violated the principle that a delegated power (PAGCOR's franchise) cannot be further delegated (to SAGE), making the agreement null and void.

Doctrine:

The decision established or reiterated the doctrine that a government-granted franchise is subject to strict adherence to its terms and limitations, and such a franchise cannot be extended, shared, or delegated unless explicitly permitted by law. It highlighted the principle of “delegata potestas non potest delegari” (delegated power cannot be further delegated) in the context of legislative franchises granted by the state.

Class Notes:

1. **Principle of Delegated Power:** Delegated powers cannot be further delegated without explicit legal authority (“delegata potestas non potest delegari”).
2. **Territorial Limitation of Franchises:** Government franchises are confined within the territorial jurisdiction of the granting state, and any operation beyond such limits without clear authorization is beyond the scope of the granted franchise.
3. **Internet as a Medium for Gambling:** The case highlights the legal challenges in applying traditional laws and franchises to new technologies like the internet, underscoring the need for legislative updates to address emerging platforms.
4. **Legal Standing in Public Interest Cases:** The Supreme Court may set aside technicalities regarding legal standing when the case involves significant societal implications.

Historical Background:

This case reflects the legal and societal challenges posed by the advent of internet gambling, a phenomenon unanticipated by laws and regulations established prior to the internet era. It underscores the judiciary’s role in interpreting existing laws to address new technological realities and the legislative need for updating laws to reflect current societal norms and technologies.