

Title: GMA Network, Inc. vs. Central CATV, Inc. (739 PHIL 77)

Facts:

In February 2000, GMA Network, Inc., along with other broadcasters, filed a complaint with the National Telecommunications Commission (NTC) against Central CATV, Inc. The complaint aimed to stop Central CATV from soliciting and showing advertisements on its cable television (CATV) system, asserting it violated Section 2 of Executive Order (EO) No. 205. This EO stipulates that a CATV system operator's authority should not infringe on television and broadcast markets, which the complainants argued includes the advertising market.

Central CATV, in its defense, admitted to airing commercials but contended that EO No. 436, issued by President Ramos in 1997, allows CATV operators to carry advertisements with the consent of program providers.

After GMA Network presented its evidence, Central CATV filed a motion to dismiss by demurrer to evidence, arguing that GMA failed to show how their actions infringed upon the television and broadcast market.

Procedurally, the NTC granted Central CATV's demurrer to evidence and dismissed the complaint, ruling based on EO No. 436, which clarified EO No. 205 by allowing advertisements with consent from program providers. The NTC also noted it is not bound strictly by technical rules, thus considering documents from the respondent not formally offered as evidence.

GMA's motion for reconsideration was denied, prompting GMA to appeal to the Court of Appeals (CA). The CA upheld the NTC's decision, agreeing on the non-strict technical rules for administrative proceedings and ruling that EO No. 436 clarified EO No. 205 without expanding or modifying its provisions. GMA then filed a petition for review before the Supreme Court.

Issues:

1. Whether the CA erred in affirming the NTC's granting of the respondent's demurrer to evidence.
2. Whether the respondent is prohibited from showing advertisements under Section 2 of EO No. 205, in relation to Section 3 of EO No. 436.

Court's Decision:

1. Procedural Issue:

The Supreme Court found that while the NTC correctly used and interpreted Sections 1, 9, and Rule 9 of its Rules of Practice and Procedure, it erred by considering the respondent's evidence in its resolution of the demurrer to evidence. Although administrative agencies are not bound by strict technical rules, they must still observe the fundamental evidentiary rules and due process. Since GMA was deprived of the opportunity to refute the respondent's evidence, the NTC's approach violated due process.

2. Substantive Issue:

a. Nature of EO No. 205 vs. EO No. 436:

The Court agreed with GMA that EO No. 205, issued when President Aquino had legislative powers, is a statute, whereas EO No. 436 is an executive issuance, not carrying the same weight as a law. The interpretation that EO No. 436 could amend or modify the legislative provisions of EO No. 205, as held by the NTC and the CA, was incorrect.

b. Clarification of "Television and Broadcast Markets":

Section 6.1 of the NTC's Memorandum Circular (MC) 04-08-88 defines "television and broadcast markets" in geographic terms (viewers or audience) and not as commercial markets. The must-carry rule, embodied in Sections 6.2.1 and 6.4 of MC 04-08-88, supports that CATV operators must carry local TV broadcast signals without alteration or deletion. The presence of commercial advertisements does not constitute an infringement of the audience market. Thus, the Court concluded that showing advertisements does not violate EO No. 205 and upheld the CA ruling affirming NTC's dismissal of GMA's complaint.

Doctrine:

1. The nature and weighting of executive issuances versus legislative statutes are distinct, where executive orders issued during a period of legislative power exercise by a President have the effect of law.
2. The term "television and broadcast markets" in EO No. 205 pertains to audience or viewer markets, not the commercial or advertising market.
3. Administrative agencies need not strictly adhere to technical procedural rules but must not violate fundamental evidentiary principles and due process rights.

Class Notes:

- EO No. 205 (Statutory Law): Prohibits CATV operators from infringing on "television and broadcast markets," interpreted as geographic audience markets, not the advertising market.

- EO No. 436 (Executive Issuance): Allows CATV operations to carry advertisements with program providers' consent.
- Must-Carry Rule (MC 04-08-88): mandates CATV systems to carry full local TV broadcast signals without alteration or deletion.

Historical Background:

EO No. 205, part of the post-Martial Law reforms under President Aquino, sought to liberalize and regulate the broadcast industry, ending monopolies like the one held by Sining Makulay, Inc. EO No. 436, an executive order by President Ramos, aimed to adapt regulations to modern broadcast realities by allowing cable providers certain flexibilities. This case highlights the evolving nature of legal interpretations in response to technological advancements in telecommunications.