

Title:

Lucena Grand Central Terminal, Inc. v. JAC Liner, Inc., G.R. No. 153365 (2003)

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Facts:

Lucena City enacted City Ordinance Nos. 1631 and 1778 granting Lucena Grand Central Terminal, Inc. (hereafter “Petitioner”) an exclusive 25-year franchise to operate a common bus-jEEPney terminal and regulating bus operators to use this terminal only. JAC Liner, Inc. (hereafter “Respondent”), affected by these ordinances, filed a petition for prohibition and injunction, arguing the ordinances were unconstitutional.

Ordinance No. 1631:

- Granted an exclusive 25-year franchise to Petitioner, with a renewal option.
- Obligated the City of Lucena not to allow any other terminal operation.

Ordinance No. 1778:

- Prohibited buses and jeepneys from entering the city, directing them to use Petitioner’s terminal.
- Invalidated all other temporary terminals in Lucena City.

Respondent challenged these ordinances at the Regional Trial Court (RTC) of Lucena City, contending they represented an invalid exercise of police power and constituted a monopoly. Petitioner intervened later claiming its legal interest in the exclusive franchise.

Facts – Procedural Posture:

- **RTC Decision (March 31, 1999):**
- Upheld the validity of City Ordinance No. 1631.
- Invalidated Section 4(c) of Ordinance No. 1631 for being ultra vires.
- Declared Ordinance No. 1778 as null and void for lack of authority and reasonableness.
- Denied Petitioner’s Motion to Dismiss.
- **Appeal:**
- Petitioner sought reconsideration which was denied on August 6, 1999.
- Petitioner filed a petition for review under Rule 45 at the Supreme Court, referred to the Court of Appeals.
- **Court of Appeals:**
- Affirmed the RTC’s ruling on December 15, 2000.
- Motion for reconsideration denied on June 5, 2001.

- **Supreme Court Review:**
- Petitioner assailed the Court of Appeals Decision.

Issues:

1. Whether the RTC had jurisdiction over the case without notifying the Office of the Solicitor General.
2. Whether the ordinances were a valid exercise of police power.

Court's Decision:

- **Issue 1: Jurisdiction & Notice to Solicitor General:**
 - The requirement to notify the Solicitor General does not result in a jurisdictional defect. Respondent had notified the Solicitor General, evidenced by a Certification of receipt, ensuring procedural compliance.
- **Issue 2: Valid Exercise of Police Power:**
 - **General Welfare:** Addressing traffic congestion is a public concern. However, the measures adopted must be reasonably necessary and not unduly oppressive.
 - **Assessment:** The exclusivity of the franchise and the prohibition against all other terminals in Lucena City were overly broad and did not solely focus on alleviating traffic. They imposed undue limitations on bus operators and forced them to use Petitioner's terminal, thereby compounding the burden with fees, rentals, and potential monopolistic practices.

The ordinances were thus invalid due to:

- **Insufficient Reasonable Necessity:** Measures were overreaching beyond the essential need to manage traffic, affecting businesses and property rights without just cause.
- **Undue Oppression:** The compulsory use of a single terminal imposed unnecessary constraints and financial burdens on bus operators.

Doctrine:

- **Ultra Vires Acts:** Invalid legislative acts that go beyond lawful authority.
- **Police Power Limits:** Measures under police powers must align with public interest and avoid unjust implications on individuals.
- **Nuisance Per Accidens vs. Nuisance Per Se:** A non-dangerous business cannot be summarily abated without judicial intervention.

Class Notes:

- **Key Elements:**

- ***Police Power:** Must meet public interest and employ reasonable and non-oppressive means.
- ***Ultra Vires:** Actions beyond the scope of authority granted by law are invalid.
- ***Nuisance Classification:** Differentiating between activities inherently harmful and those potentially harmful under specific circumstances.

****Statutes:****

- ****Local Government Code of 1991:**** Governs local legislative actions, specifying procedural compliance, like notifications to Solicitor General and local prosecutors in validity challenges (Sections 22, Rule 3; Sections 3 and 4, Rule 63).

Historical Background:

- The case provides an insightful lens into local government authority and limits, reflecting civic attempts to address urban problems like traffic congestion through legislation. It underscores the balance required between municipal governance and individual business rights while ensuring constitutional compliance.

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****Note:**** The case illustrates the thorough judicial process in affirming the checks on local legislative bodies, ensuring ordinances align with constitutional mandates without infringing on private rights unduly.