

Title: Didipio Earth-Savers Multi-Purpose Association, Inc. (DESAMA) et al. vs. Elisea Gozun et al.

Facts:

1. **Promulgation of Executive Order No. 279**: On July 25, 1987, President Corazon Aquino issued Executive Order No. 279, authorizing the DENR Secretary to entertain proposals from foreign investors for technical or financial assistance contracts for mineral resources.
2. **Enactment of the Philippine Mining Act of 1995**: On March 3, 1995, President Fidel Ramos signed Republic Act No. 7942 into law, instituting a new system for mineral resources exploration, development, and utilization. This Act also known as the Philippine Mining Act of 1995, aimed to harness the country's mineral resources.
3. **Issuance of DAO No. 96-40**: On January 23, 1997, the DENR issued Administrative Order 96-40, setting forth implementing rules and regulations for RA 7942 after a previous administrative order (DAO No. 23) was issued earlier in 1995.
4. **Granting of FTAA to AMC**: On June 20, 1994, an FTAA was executed between the government and Arimco Mining Corporation (AMC), covering 37,000 hectares in Nueva Vizcaya and Quirino. The original AMC later became Climax-Arimco Mining Corporation (CAMC) after consolidating with Climax Mining Limited.
5. **Petition by Landowners and Residents**: On September 7, 2001, the petitioners (including members of DESAMA and other affected residents) sent a letter to the DENR Secretary, demanding the cancellation of the FTAA to CAMC, citing its unconstitutionality. Subsequently, another letter was addressed to President Gloria Macapagal Arroyo in June 2002.
6. **Referral to Panel of Arbitrators**: The demand was referred to the Panel of Arbitrators of the Mines and Geosciences Bureau (MGB) of the DENR, which required compliance with procedural rules before acting further.
7. **Letters to Higher Officials and DENR**: Further letters in November 2002 continued to seek government action, which still ended up referred back to the MGB.
8. **Rejection of Demand by MGB**: On February 19, 2003, the MGB rejected the petitioners' demand to cancel the FTAA.

9. **Filing of Petition with Supreme Court**: Consequently, the petitioners filed a petition for prohibition and mandamus under Rule 65 with the Supreme Court, seeking to enjoin respondents from acting on any FTAA application, declare the Mining Act unconstitutional, and cancel CAMC's FTAA.

Issues:

1. Whether RA 7942 and the FTAA result in the unlawful taking of property without just compensation in violation of the Constitution.
2. Whether the Mining Act and DAO 96-40 unconstitutionally permit an administrative determination of just compensation.
3. Whether RA 7942 results in the State abdicating its control over natural resources.
4. Whether allowing foreign corporations to manage and operate mining activities violates the constitutional provision on the role of foreign-owned corporations.
5. Whether the 1987 Constitution prohibits service contracts in mining operations.

Court's Decision:

1. **Taking of Property and Just Compensation**: The Supreme Court clarified that the Philippine Mining Act and its FTAA provisions amount to "taking" under the power of eminent domain requiring just compensation. The taking occurs because mining operations significantly impact landowner rights. The necessity for just compensation is met since Section 76 of RA 7942 and its IRR in DAO 96-40 require arrangements for compensation either through agreements or adjudication by the Panel of Arbitrators. The Court emphasized that the judicial determination of just compensation remains intact.
2. **Judicial Determination of Just Compensation**: The Supreme Court confirmed that determining just compensation is a judicial function. The role of the Panel of Arbitrators, outlined in the DAO, is preliminary and does not encroach on the courts' authority. Thus, any disputes regarding compensation under the Mining Act may still be subject to judicial review.
3. **State Control and Regulation**: The Supreme Court found that RA 7942 and its implementing rules retain State control over mining operations through detailed regulatory measures, ensuring that foreign-owned corporations do not have unchecked authority over natural resources.
4. **Role of Foreign Corporations**: The Court dismissed claims that mining agreements involving foreign corporations violate the Constitution. It held that arrangements involving

technical or financial assistance did not preclude broader involvement when aligned with the approval and supervision by the State.

5. ****Service Contracts****: The Supreme Court ruled that while service contracts under the 1973 Constitution differ from those under the present Constitution, the 1987 provision does not prohibit service contracts with foreign corporations. The agreements are permissible if they comply with the conditions set out for broad State control and benefit for the Filipino people.

Doctrine:

1. ****Eminent Domain and Police Power****: The distinction between the exercise of eminent domain (requiring just compensation for taking property for public use) and police power (which involves regulation without compensation if noxious use is involved) is critical. Both powers aim to serve the public good but operate differently regarding compensation.
2. ****Primary and Judicial Determination of Compensation****: The procedures where administrative bodies make an initial determination of just compensation do not negate the judiciary's ultimate authority over such determinations.
3. ****State Control over Mineral Resources****: Comprehensive regulatory frameworks ensure the State maintains effective oversight and control over mining operations even when foreign corporations hold significant operational roles under technical and financial agreements.

Class Notes:

- ****Eminent Domain****: Key elements involve entering private property for public use with just compensation. Sections 75 and 76 of RA 7942 provide groundwork for how mining rights intersect with property rights.
- ****Judicial Review****: Courts retain ultimate jurisdiction in determining just compensation despite preliminary administrative procedures.
- ****State Supervision****: RA 7942 mandates robust government control and supervision over mining enterprises to ensure public benefit from private extraction activities.
- ****Legal Statutes and Provisions Cited****:
 - RA 7942 (Philippine Mining Act)
 - DAO 96-40 (Implementing IRR)
 - Article XII, Section 2 of the 1987 Constitution (State ownership of natural resources and the involvement of foreign corporations).

Historical Background:

This case arises in the context of the Philippine Government's attempt to modernize and revitalize its mining sector in the 1990s and early 2000s, amid constitutional provisions ensuring that natural resource utilization benefits the Filipino people. Coming from regulatory frameworks established during earlier administrations, the case highlights the balance between encouraging foreign investment and ensuring that such investments do not overshadow state control and the rights of local communities. The evolving mining laws post-1987 reflect the efforts to address past abuses while enabling economic growth through sustainable and controlled mineral resource development.