

Title:

****Hon. Alfredo S. Lim v. Hon. Felipe G. Pacquing and Associated Development Corporation****

Facts:

****Background:**** The case originates from a controversy over a franchise to operate a jai-alai fronton in the City of Manila. Manila Ordinance No. 7065, enacted by the Municipal Board of Manila on September 7, 1971, authorized the Associated Development Corporation (ADC) to establish, maintain, and operate a jai-alai fronton.

1. ****Initial Conflict:****

- ADC sought a permit from then Manila Mayor Gemiliano Lopez, Jr. in 1988, which was refused, leading to litigation.
- In Civil Case No. 88-45660, Judge Augusto E. Villarín ordered the Mayor to issue ADC a permit to operate the jai-alai.
- The City of Manila, under Mayor Lopez, appealed but subsequently withdrew the appeal. The decision became final.

2. ****Conflicts Under Mayor Alfredo S. Lim:****

- Successor Mayor Alfredo Lim refused to issue the permit despite the court order.
- Judge Felipe G. Pacquing issued orders in 1994 commanding Mayor Lim to comply, including potential contempt orders.
- Mayor Lim filed Petition for Certiorari (G.R. No. 115044), which the Supreme Court dismissed on September 1, 1994, for lack of jurisdiction but left the substantive issues unresolved.

3. ****Intervention of Executive Authorities:****

- On September 13, 1994, Executive Secretary Teofisto Guingona directed the Games and Amusements Board (GAB) to hold in abeyance ADC's authority to operate jai-alai, questioning the constitutionality of P.D. No. 771 and the validity of ADC's franchise.
- ADC responded by filing Civil Case No. 94-71656 against Executive Secretary Guingona and GAB Chairman Sumulong, obtaining a temporary restraining order and preliminary injunction from Judge Vetino Reyes.

4. ****Further Litigation:****

- Guingona and new GAB Chairman Cepeda filed G.R. No. 117263 with the Supreme Court challenging the writs of preliminary injunction issued by Judge Reyes.

- The cases raised broader legal questions, including the constitutionality of P.D. No. 771.

Issues:

1. **Propriety of the Intervention by the Republic of the Philippines:**
 - Whether the Republic could intervene in the ongoing proceedings at this stage.
2. **ADC's Franchise Validity:**
 - Whether ADC possessed a valid and subsisting franchise to operate the jai-alai.
3. **Grave Abuse of Discretion by Judge Reyes:**
 - Whether Judge Reyes committed grave abuse of discretion in issuing the temporary restraining order and preliminary injunction.

Court's Decision:

1. **Intervention by the Republic:**
 - The Supreme Court held that the Republic could intervene given the potential injustice and injury if the franchise was proven invalid. This was deemed justifiable under the principle that the state has a responsibility to protect public morals and welfare.
2. **Validity of ADC's Franchise:**
 - The Court analyzed pertinent laws such as:
 - Republic Act No. 409 (Manila Charter)
 - Republic Act No. 954 (requiring a legislative franchise for jai-alai)
 - Executive Order No. 392 (transferred regulatory power to GAB)
 - Presidential Decree No. 771 (revoked local government-issued franchises)
 - Concluded that ADC's authority under Ordinance No. 7065 did not constitute a legislative franchise as required by law and was revoked by P.D. No. 771.
3. **Conduct of Judge Reyes:**
 - The issuance of temporary restraining orders and preliminary injunctions by Judge Reyes was deemed to be in grave abuse of discretion, as ADC's legal right to operate was invalid under P.D. No. 771 and Republic Act No. 954.

Doctrine:

- **Police Power Doctrine:** The state's police power is paramount, especially in regulating gambling, a vice that affects public morals and welfare. Legislative franchises for gambling operations must be explicitly granted by Congress.
- **Constitutional Presumption:** Laws (e.g., P.D. No. 771) are presumed valid unless declared otherwise by the judiciary. The ongoing presumption of validity for P.D. No. 771

implies its enforceability against local ordinances like No. 7065.

Class Notes:

- **Elements/Concepts:**
- **Police Power:** Ability to regulate for public welfare.
- **Legislative Franchise:** Explicit grant by Congress for activities such as gambling.
- **Non-impairment Clause:** This does not provide absolute protection to franchises against valid exercises of police power.
- **Procedural Due Process:** Requirement of notice and opportunity to be heard before deprivation of rights.
- **Judicial Review:** Courts' authority to review the constitutionality of legislative and executive actions.

Historical Background:

- **Context:** The case is set against the backdrop of contrasting governmental prerogatives (state regulation and local autonomy) and shifting political climates (Martial Law, post-EDSA political reforms).
- **Significance:** Reflects the tug-of-war between local government powers and national regulatory frameworks in the Philippines, particularly in sensitive areas such as gambling regulation. Illustrates the judiciary's role in balancing diverse constitutional principles and adopting a protective stance towards public welfare while adhering to the rule of law.