

Title: Santiago C. Divinagracia vs. Consolidated Broadcasting System, Inc. and People's Broadcasting Service, Inc.

Facts:

- **1961 & 1965:** Consolidated Broadcasting System, Inc. (CBS) and People's Broadcasting Service, Inc. (PBS) were incorporated, respectively, focusing on radio broadcasting services.
- **1992:** Congress enacted Republic Act No. 7477 granting PBS, and Republic Act No. 7582 extending CBS's legislative franchises, mandating public offering of 30% of stocks within 3 years. Provisional Authorities were subsequently issued by the National Telecommunications Commission (NTC).
- **March 1, 1999:** Santiago C. Divinagracia filed complaints with the NTC against PBS and CBS, alleging failure to comply with the public offering requirement, seeking cancellation of their Provisional Authorities and Certificates of Public Convenience (CPCs).
- **August 1, 2000:** NTC dismissed both complaints, declaring these as collateral attacks on legislative franchises, suggesting a quo warranto suit by the Solicitor General was appropriate instead.
- **Post-NTC Dismissal:** Divinagracia's motion for reconsideration was denied. He then filed a petition for review with the Court of Appeals (CA).
- **February 18, 2004:** CA upheld NTC's decision, agreeing that the complaints were collateral attacks on franchises and required a quo warranto action.
- **Subsequent Petition:** Divinagracia appealed to the Supreme Court on whether the NTC has the jurisdiction to cancel Provisional Authorities and CPCs without canceling legislative franchises.

Issues:

1. Does the NTC have the authority to cancel Provisional Authorities and CPCs for violations of a legislative franchise's terms?
2. Was the action filed by Divinagracia indeed a collateral attack on the franchises of CBS and PBS?
3. Is quo warranto the appropriate remedy for allegations of non-compliance with franchise

terms?

Court's Decision:

1. **Authority of NTC:** The Supreme Court held that the NTC does not have the power to cancel CPCs if it means usurping legislative power. The power to grant and cancel such rights ultimately lies with Congress. NTC can only regulate the operation under the franchise as allowed by law.
2. **Collateral Attack:** The Supreme Court agreed with the CA that Divinagracia's complaints were collateral attacks requiring a direct proceeding like quo warranto to challenge such franchises legitimately.
3. **Quo Warranto as Remedy:** The Court underscored that proper remedy for franchise violations is through quo warranto proceedings, underscoring the need for judicial determination rather than administrative revocation by NTC.

Doctrine:

- The dual franchise/license regime involves legislative franchises granted by Congress and operational permits issued by NTC; legislative franchises cannot be collaterally challenged through administrative complaints. Administrative agencies like NTC lack the inherent authority to revoke legislative grants unless explicitly empowered by law.

Class Notes:

- **Legislative Franchises & CPCs:** To operate broadcast services, entities must secure both a legislative franchise from Congress and operational licenses from the NTC.
- **Quo Warranto vs. Collateral Attack:** Franchise violations must be addressed through quo warranto proceedings and not through administrative collateral attack.
- **Constitutional Protection:** Broadcast media, while regulated more than print due to spectrum scarcity, still enjoy constitutional protections against undue censorship or revocation.

Historical Background:

- The 1931 Radio Control Act started the need for legislative franchises for radio stations, evolving under various legal regimes over time as technology and constitutional doctrines

expanded. Understanding broadcast media regulation in the Philippines involves a legislative timeline reflecting shifts in policy towards balancing industry needs with regulatory oversight, especially regarding democratization and public ownership. Legislatively entrenched since the early Philippine Commonwealth, the dual regulatory system reflects ongoing societal and governmental attitudes toward media's role and reach within and beyond societal spheres.