

UNITED STATES TOBACCO CORPORATION, PETITIONER, VS. RUFINO LUNA, IN HIS CAPACITY AS IMPORT CONTROL COMMISSIONER, IMPORT CONTROL BOARD, AND ALFREDO JACINTO, IN HIS CAPACITY AS ACT...

G.R. No. L-3875. July 06, 1950

Ponente: TUASON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/57a8fcd836be/>

TUASON, J.:

In July, 1948 Republic Act No. 330 was passed. It was entitled "An Act authorizing the President of the Philippines to establish a system of import control by regulating imports of non-essential or luxury articles, creating an import control board, authorizing the issuance of rules and regulations to carry into effect such controls and penalizing violations: of this Act." By virtue of the powers vested in him by this enactment, the President, on November 29, 1949 issued Executive Order No.295 revising the rules and regulations on control of imports of non-essential and luxury articles into the Philippines as provided in Republic Act No. 330. Sections 1 and 12 of this Executive Order read as follows:

"Sec 1. From and after the date of effectivity of this Order, no article included in the list referred to in Section 3 hereof shall be imported into the Philippines without an import license duly issued by the Import Control Board in accordance with the provisions of this Order. Such license shall be signed "By authority of the President: Import Control-Board."

"Sec. 12. Importers must obtain an import license for every foreign order placed after the date of effectivity of this Executive Order unless the articles to be imported are not subject to restriction under the provisions of this Order. Articles ordered after said date without an import license shall not be released by customs to the importer and shall be confiscated by the Import Control Board."

It will be observed that no import license was required for leaf tobacco in this Executive Order. Nevertheless, Harry S. Stone hill, President of the United States Tobacco Corporation, inquired in waiting of Secretary Cornelio Balmaceda of the Department of Commerce and Industry, as Chairman of the Import Control Board, whether shipment of leaf tobacco into the Philippines could be made without such license. Stone hill also requested information as to whether American investors might ship leaf tobacco to the Philippines as an investment as long as no remittances of foreign exchange to the investors were made.

Secretary Balmaceda, on March 7, 1950, answered Stone hill's queries in a letter of the following tenor:

"In reply to your inquiry as to whether your company may be allowed to ship Virginia leaf tobacco into the Philippines, I wish to inform you that Virginia leaf tobacco is not under import control. You may, therefore, bring in the quantity that your cigarette factory needs as raw materials for its operation if, as you say, the shipment may be made without the need for any outflow of dollars from this side. This Office would strongly recommend to new and prospective investors in the Philippines desiring to establish factories in this country to have part of the initial capital brought into this country in the form of machinery and materials. I understand

from the information you furnished.us that this is precisely the procedure you are following in bringing in Virginia leaf tobacco as part of the initial capital in your new cigarette factory.

"Hoping that this information will be of assistance to you in launching your new factory, I remain"

Relying upon the above letter, leaf tobacco was shipped to the Philippines by various American investors, of three of which shipments the United States Tobacco Corporation was the consignee. These shipments left the United States in April and arrived at the port of Manila on different dates during the month of June.

In the meanwhile, on May 19, 1950, Republic Act No. 426 was approved, entitled "An Act to regulate imports and for other purposes." The new act placed leaf tobacco under control and required an import license for all imports of this commodity; and under resolution No. 1, promulgated on June 3, 1950, the new Import Control Board stipulated that "Import licenses shall be issued by the Import Control Administration" "for all imports not covered by Executive Order No. 295 as amended, in excess of P6 per cent per month of the total value of such imports for each applicant during 1949."

By reason of these rules and regulations and in obedience to the Import Control Board's directive, release of the various shipments of petitioner's tobacco that were being held up at the customs house was refused by the Commissioner of Customs, On behalf of the Commissioner of Customs, it is further alleged that "under Section 1250 of the Revised Penal (Administrative) Code, as amended, (he has) authority to withhold the delivery to the petitioner of the said merchandise until such legal requirements have been accomplished by the petitioner."

It is to be noted in this connection that on June 12 and 13, 1950, Modesto Formilleza, in his capacity as technical assistant of the Import Control Commissioner, and in the name of the Import Control Office, addressed four letters to the Commissioner of Customs requesting him to release the leaf tobacco shipments in question, and in accordance with that instruction, this respondent, on June 13, 1950 made delivery of one shipment—19 hog heads of leaf tobacco. The refusal of the Commissioner of Customs to release the remaining shipments consigned to the petitioner was due to an instruction of the Import Control Board, coursed through the Import Control Commissioner, ordering these shipments freezed and repudiating the authority of the technical assistant of the Import Commissioner.

The decisive question that emerges from this set of facts and contentions is whether goods in transit on the date of the approval of Republic Act No. 426, which was May 19, 1950, were covered by the new enactment. Act No. 426 contains no provision on the subject, but the following sections thereof supply, we think, necessary basis for a decisions

"Sec. 6. No person, corporation or association shall import any article, goods or commodity into the Philippines without a proper Import license issued for said purpose in accordance with this Act. Any importation or order to import any.. articles, goods or commodities under control under the old Import Control Law between April thirty, nineteen fifty and the date of the approval of this Act shall be considered illegal unless such order or importation was duly approved by the Import Control Board.

"Sec. 23. The Import Control Board shall, as soon as possible and in no case exceeding sixty days, fix all the import quotas of all items of imports as provided for in this Act; meantime, all the existing quotas and allocations as well as rules and regulations on import control shall continue until revised or repealed, and the Members of the Import Control Board and the Import Control Commissioner shall remain in office until the President has appointed their successors."

It will be seen that Section 6 banned only articles, goods or commodities theretofore under control. Leaf tobacco was uncontrolled by the executive order or the rules and regulations issued in virtue of Act No. 330. Petitioner's importations were therefore not illegal. This conclusion seems so obvious as to need no discussion.

By Section 6 of Act No. 426, all goods including leaf tobacco have been placed under control. Petitioner's merchandise left the port of departure before the passage of that Act but arrived in Manila after its approval. For the purpose of enforcing or applying said Section 6, there can only be one date for importation, which was the date? The date the goods were ordered, the date they were put on board vessels, or the date they reached the port of destination? We are of the opinion that the date of importation is the date of shipment and not the date of arrival in Manila.

Granting the opposite premise, for the sake of this decision, that the petitioner's importation comes under the provisions of the new law, still, the respondents' position has behind it no more than an unbending adherence to a formalism utterly unreasonable as applied to this case. The respondents would punish an importer solely for not having a license which at the time of the importation was unnecessary and unavailable. They would confiscate, for this reason, goods which have been brought to the Philippines through the Secretary of Commerce and Industry's encouragement. In adopting such attitude, the Import Control Board would not only commit grave injustice to petitioner but would subvert the government's policy of attracting foreign investors and jeopardize one of the principal ends for which the Board was created, namely: conservation of the dollar reserves.

As has been seen, the Secretary of Commerce and Industry, who at the time was the official handling or having direct supervision over import control, not only told the petitioner's president to go ahead with his proposed importations but commended and applauded his company's projected venture as in furtherance of the government's policy of industrialization. There is no valid justification for repudiating this assurance after the petitioner has acted on the faith of it. Trivial and questionable legalism which affects no fundamental principle, no injury to public interest, no outflow of dollars, can afford to yield if for no other reason than to honor and instill confidence in government commitments made through responsible officials. The Secretary of Commerce and Industry's commitment does not have the legal and formal characteristics of a treaty, and it is far from our thought to insinuate that said commitment should be so considered, but the underlying principle is the same and may be summoned to the petitioner's aid.

It is therefore our decision that the writ of mandamus issue, commanding the Import Control Commissioner, the Import Control Board, and the Commissioner of Customs forthwith to release the leaf tobacco described in the petition and its annexes.

Ozaeta, Paras, Pablo, Bengzon, Montemayor, and Reyes, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.