

PILIPINAS SHELL PETROLEUM CORPORATION, PETITIONER, VS. THE OIL INDUSTRY COMMISSION AND MANUEL B. YAP, RESPONDENTS.

G.R. No. L-41315. November 13, 1986

Ponente: PARAS, J.

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PARAS, J.:

This is a Petition for Certiorari assailing certain orders issued by respondent Oil Industry Commission (hereinafter known as OIC) in OIC Case No. 144.

Briefly the facts of the case are as follows:

Respondent Manuel B. Yap is a gasoline dealer by virtue of a "Sublease and Dealer Agreement" entered into with petitioner Pilipinas Shell Petroleum Corporation (hereinafter known as Shell) originally in the year 1965 and superseded in the year 1969 (Annex "A" of the petition). The latter was filed and registered with the OIC on April 30, 1971 as required by Republic Act #6173 (R.A. #6173).

While petitioner Shell complied with its contractual commitments, Manuel B. Yap defaulted in his obligations upon failure to pay for his purchases of gasoline and other petroleum products. Petitioner Shell sent demand letters to respondent Manuel B. Yap who continued to ignore these demand letters forcing petitioner Shell to exercise its contractual rights to terminate the contract. Petitioner Shell sent respondent Yap the required 90-day written notice to terminate their contract as provided for by Sec. 5 of their "Sublease and Dealer Agreement." to wit:

"5. Effective Date, Direction and Termination of Agreement.- This Agreement, duly signed by the DEALER, shall become effective for both parties first of January, 1969 and shall continue indefinitely thereafter, until terminated by either party giving to the other ninety (90) days notice in writing of such termination."

Respondent Yap filed a complaint with the then Court of First Instance (CFI) of Iloilo docketed as Civil Case No. 9507 for damages with preliminary injunction against petitioner Shell. Respondent Yap questioned the validity of the exercise by petitioner of its contractual right to terminate the contract. Barely less than a month from the filing of his complaint, respondent Yap again filed with the respondent OIC Case #144 where he likewise raised the same issue. Without affording the petitioner an opportunity to be heard on the matter, respondent OIC issued an ex-parte preliminary mandatory injunction commanding petitioner to perform the following acts: 1) to continue selling to respondent Yap petroleum products 2) to maintain the status quo insofar as the operation by respondent Yap of the gasoline station is concerned 3) to submit a verified statement of the unpaid accounts of respondent Yap.

Petitioner Shell also filed a complaint with the then CFI of Cebu docketed as Civil Case No. 13675 to collect the long overdue debts of respondent Yap. Shell filed with the OIC an Urgent Ex-parte Motion to Dissolve the Writ (Annex "I") and filed its answer to complaint of respondent Yap principally impugning the jurisdiction of the OIC. A decision was rendered in Civil Case No. 13675 ordering respondent Yap to pay his overdue liabilities: 1) P47,537.30 representing the value of petroleum products he bought from the petitioner 2) P1,000, litigation

expenses 3) P5,000, attorney's fees.

Despite the pendency of the controversy before the ordinary civil courts, OIC persisted in asserting jurisdiction over it by rendering a decision stating it has jurisdiction to pass upon the alleged contractual right of petitioner to declare Yap's contract terminated. The OIC negated the existence of such right because the stipulation is an "unfair and onerous trade practice." Respondent OIC also allowed respondent Yap reasonable time from receipt of the decision within which to pay his judgment debt to petitioner as adjudged in Civil Case No. 13675.

Petitioner Shell moved for a reconsideration but respondent OIC denied it. However, a modification was made by declaring that the permission it gave respondent Yap to pay his judgment debt was "merely a suggestion." OIC ordered that petitioner must comply within ten (10) days from notice.

The issues now of the petition are the aforementioned orders of the respondent OIC, petitioner Shell submitting that they are null and void on any, or all, of the following grounds:

1. Respondent OIC has no jurisdiction to hear and decide contractual disputes between a gasoline dealer and an oil company.
2. Respondent Manuel B. Yap himself first invoked the jurisdiction of the then CFI of Iloilo to resolve the dispute so that he is now estopped from impugning the jurisdiction of the civil courts.
3. Peremptory declaration by respondent OIC that the contractual stipulation that either party may declare the contract terminated after a 90-day written notice constitutes an "unfair and onerous trade practice" is an unconstitutional impairment of the obligation of contracts and a deprivation of property without due process of law.
4. There is no factual basis for respondent OIC's conclusion and ruling that the disputed contract is an "unfair and onerous trade practice."

The contentions of petitioner are well-founded. A detailed reading of the entire OIC Act (R.A. #6173) will reveal that there is no express provision conferring upon respondent OIC the power to hear and decide contractual disputes between a gasoline dealer and an oil company. It is of course a well-settled principle of administrative law that unless expressly empowered, administrative agencies like respondent OIC, are bereft of quasi-judicial powers. As We declared in *Miller vs. Mardo, et al* (2 SCRA 898):

"x x x It may be conceded that the Legislature may confer on administrative boards or bodies quasi-judicial powers involving the exercise of judgment and discretion, as incident to the performance of administrative functions, but in so doing, the legislature must state its intention in express terms that would leave no doubt, as even such quasi-judicial prerogatives must be limited, if they are to be valid, only to those incidental to, or in connection with, the performance of administrative duties which do not amount to conferment of jurisdiction over a matter exclusively vested in the courts."

Sec. 6 of R.A. #6173 restricts the extent and scope of the OIC prerogative of jurisdiction in sub-paragraphs "a" to "f".

A contrary interpretation would collide with the familiar principles of statutory construction that, in making a detailed enumeration, the law-making body intended to accomplish a purpose and that the all-embracing and general word "jurisdiction" must be restricted to mere regulatory and supervisory (not judicial) powers.

The phrase "to set the conditions" under subparagraph "a" refers to the right to prescribe rules of conduct. It appertains to rule-making functions and cannot include quasi-judicial powers. The limitations of supervision and regulation are reiterated in the provisions of Sec. 7 (4) (d), to wit:

"(4) (d) To regulate the operations and trade practices of the industry in order to encourage orderly competition, prevent monopolies and collusive practices within the industry, giving due regard to the ecological and environmental needs of the country;"

There is no question that respondent Yap first invoked the jurisdiction of the then CFI of Iloilo to resolve the dispute and without waiting for the determination of the issues, he filed a complaint with respondent OIC raising the same issues. Respondent Yap thus submitted a single and indivisible controversy to two different entities. This cannot be permitted without making a mockery of justice.

It is not amiss to mention that even before the creation of the OIC in 1971, petitioner Shell and respondent Yap were already bound by their dealership agreement. From the time said agreement was registered with the OIC as required by R.A. 6173, respondent OIC never informed the petitioner that said agreement or any of its provisions was contrary to the provisions of R.A. No. 6173. Neither did respondent Yap show any disapproval of the provisions of Sec. 5 of their agreement. Said provision is not contrary to law.

WHEREFORE, the questioned orders of respondent OIC, in OIC Case #144 are hereby declared null and void.

SO ORDERED.

Feria, (Chairman), Alampay, Gutierrez, Jr., and Cruz JJ., concur.

Fernan, J., no part.

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