

PEDRO W. GUERZON, PETITIONER VS. COURT OF APPEALS, BUREAU OF ENERGY UTILIZATION, F.C. CAASI, JR., AND PILIPINAS SHELL PETROLEUM CORPORATION, RESPONDENTS.

G.R. No. L-77707. August 08, 1988

Ponente: CORTES, J.

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CORTES, J.:

Raised by petitioner to this Court is the issue of whether or not the Bureau of Energy Utilization, the agency charged with regulating the operations and trade practices of the petroleum industry, has the power to order a service station operator-lessee to vacate the service station and to turn over its possession to the oil company-lessor upon the expiration of the dealership and lease agreements.

The facts, as found by the Court of Appeal, are as follows:

Basic antecedent facts show that on January 9, 1981 petitioner Pedro Guerzon executed with Basic Landoil Energy Corporation, which was later acquired by respondent Pilipinas Shell Petroleum Corporation, a contract denominated as "Service Station Lease" for the use and operation of respondent SHELL'S properties, facilities and equipment, which included four (4) pieces of fuel dispensing pumps and one (1) piece air compressor, for a period of five (5) years from January 15, 1981 and ending on January 14, 1986. On January 7, 1981 petitioner likewise executed with the same Corporation a "Dealer's Sales Contract" for the sale by petitioner of respondent SHELL'S petroleum and other products in the leased service station which contract expired April 12, 1986. On April 13, 1981, respondent Bureau of Energy Utilization (BEU) approved the Dealer's Sales Contract pursuant to which petitioner was appointed dealer of SHELL'S gasoline and other petroleum products which he was to sell at the gasoline station located at Cagayan de Oro City. On the same day, respondent BEU issued certificate of authority in petitioner's favor, which had a 5-year period of validity, in line with the terms of the contract.

Paragraph 9 of the Service Station Lease Contract provides:

The cancellation or termination of the Dealer's Sales Contract executed between the COMPANY and the LESSEE on January 7, 1981 shall automatically cancel this Lease.

As early as January 2, 1986, respondent SHELL through its District Manager - Reseller Mindanao wrote to petitioner informing him that the Company was not renewing the Dealer's Sales Contract which was to expire on

April 12, 1986 together with the service station lease and reminding him to take appropriate steps to wind up his business activities at the station and, on the appropriate date, to hand over the station with all its facilities and equipment to the representative of respondent., A copy of this letter was furnished respondent BEU, through the latter's Mindanao Division Office. On April 12, 1986, respondent SHELL wrote petitioner reiterating the decision not to extend the Dealer's Sales Contract, demanding the surrender of the station premises and all company owned equipment,' to the respondent's representative.

On April 15, 1986: respondent BEU, through respondent Caasi, Jr., officer-in-charge of its Mindanao Division Office, issued the assailed order directing the petitioner as follows:

(1) immediately vacate the service station abovementioned and turn it over to Pilipinas Shell Petroleum Corporation; and

(2) show cause in writing, under oath within ten (10) days from receipt hereof why no administrative and/or criminal proceedings shall be instituted against you for the aforesaid violation.

The order directed that a copy of the same be furnished the PC-INP Commander of Cagayan de Oro City, requesting prompt and effective enforcement of the directive and submitting to the BEU the result of the action taken thereon.

On April 22, 1986, pursuant to the order of April 15, 1986, respondent SHELL, accompanied by law enforcement officers, was able to secure possession of the gasoline station in question together with the requisite equipments and accessories, and turned them over to the control of the personnel of respondent SHELL who accompanied them.

On May 9, 1986, petitioner filed with the Regional Trial Court of Misamis Oriental a complaint for certiorari, injunction and damages with preliminary mandatory injunction (Civil Case No. 10619) to annul the disputed order dated April 15, 1986 of respondent F.C. Caasi, Jr., but on September 18, 1986 this complaint was dismissed for lack of jurisdiction to annul the order of a quasi-judicial body of equivalent category as the Regional Trial Court. [Rollo, pp. 37-39.]

Thus, petitioner filed in the Court of Appeals a petition for certiorari with a prayer for preliminary mandatory injunction against Pilipinas Shell Petroleum Corporation, F.C. Caasi, Jr. and the Bureau of Energy Utilization seeking the annulment of respondent Caasi, Jr.'s order dated April 15, 1986 and the restoration to petitioner of possession of the service station and the equipment removed therefrom.

In a decision promulgated on February 10, 1987, the Court of Appeals denied due course and dismissed the petition after holding the disputed order valid and the proceedings undertaken to implement the same sanctioned

by Presidential decree No. 1206, as amended.

Hence, petitioner's recourse to this Court.

In his petition for review, petitioner ascribed the following errors to the Court of Appeals:

I

THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THAT RESPONDENT BUREAU OF ENERGY UTILIZATION HAS JURISDICTION TO EJECT THE PETITIONER FROM THE GASOLINE SERVICE STATION LEASED.

II

THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THAT THERE IS NO NECESSITY OF ANY NOTICE AND HEARING PRIOR TO THE ISSUANCE OF THE DISPUTED ORDER ISSUED BY RESPONDENT BUREAU OF ENERGY UTILIZATION ORDERING THE PETITIONER TO VACATE THE LEASED PREMISES [Rollo, p. 13.]

The controversy revolves around the assailed order issued by respondent F.C. Caasi, Jr., Officer-in-Charge of the Mindanao Division Office of the Bureau of Energy Utilization, which reads:

15 April, 1986

Mr. Pedro W. Guerzon
Corner Velez-Recto Streets
Cagayan de Oro City

Sir:

We were officially informed by Pilipinas Shell Petroleum Corporation that you refused to vacate its company-owned service station at the above address despite the fact that you were advised by Shell in its letter of January 02, 1986 that it will not renew the Dealer's Sale Contract between yourself and the company upon its expiration on April 12, 1986.

Your continued occupancy of the service station is not only considered a Violation of BEU laws, rules and regulations but is also detrimental to the interests of the parties concerned and the public.

In view thereof, you are hereby directed to:

(1) immediately vacate the service station abovementioned and turn it over to Pilipinas Shell Petroleum Corporation; and

(2) show cause in writing, under oath within ten (10) days from receipt hereof why no administrative and/or criminal proceedings shall be instituted against you for the aforesaid violation.

Let a copy of this directive be furnished the PC-INP Commander of Cagayan de Oro City, who is hereby requested to cause the prompt and effective enforcement hereof and to submit to this Bureau the result/s of the action/s taken thereon.

Very truly yours,

(Sgd.) F.C. CAASI, JR.
Officer-In-Charge

cc: PC/INP Commander
Cagayan de Oro City

Pilipinas Shell Petroleum Corporation
Sasa, Davao City/Cagayan de Oro City

BEU-Manila

[Rollo, p. 122; Underscoring supplied.]

As stated at the outset, whether or not it is within the jurisdiction of the Bureau of Energy Utilization to issue the above order is the primary issue to be resolved.

The Solicitor General contends that since petitioner's license to sell petroleum products expired on April 12, 1986, when his dealership and lease contracts expired, as of the following day, April 13, 1986 he was engaged in illegal trading in petroleum products in violation of Batas Pambansa Blg. 33 [Rollo, pp. 100-101.] The pertinent provisions of B.P. No. 33 state:

Sec. 2. Prohibited Acts. -- The following acts are prohibited and penalized:

(a) Illegal trading in petroleum and/or petroleum products;

* * *

Sec. 3. Definition of terms. -- For the purpose of this Act, the following terms shall be understood to mean:

Illegal trading in petroleum and/or petroleum products - the sale or distribution of petroleum products for profit without license or authority from the Government; non-issuance of receipts by licensed traders; misrepresentation as to quality and/or quantity; and sale by oil companies, distributors and/or dealers violative of government rules and regulations.

* * *

Thus, concludes the Solicitor General, the Bureau of Energy Utilization had the power to issue, and was justified in issuing, the order to vacate pursuant to Presidential Decree No. 1206, as amended, the pertinent portion of which provides:

Sec. 7. Bureau of Energy Utilization. -- There is created in the Department a Bureau of Energy Utilization, hereafter referred to in this Section as the Bureau, which shall have the following powers and functions, among others:

* * *

e. After due notice and hearing, impose and collect a fine not exceeding One Thousand Pesos, for every violation or non-compliance with any term or condition of any certificate, license, or permit issued by the Bureau or of any of its orders, decisions, rules and regulations.

The fine so imposed shall be paid to the Bureau, and failure to pay the fine within the time specified in the order or decision of the Bureau or failure to cease and discontinue the violation or non-compliance shall be deemed good and sufficient reason for the suspension, closure or, stoppage of operations of the establishment of the person guilty of the violation or non-compliance. In case the violation or default is committed by a corporation or association, the manager or person who has charge of the management of the corporation or association and the officers or directors thereof who have ordered or authorized the violation or default shall be solidarily liable for the payment of the fine.

The Bureau shall have the power and authority to issue corresponding writs of execution directing the City Sheriff or provincial Sheriff or other peace officers whom it may appoint to enforce the fine or the order of closure, suspension or stoppage of operations. Payment may also be enforced by appropriate action brought in a court of competent jurisdiction. The remedy provided herein shall not be a bar to or affect any other remedy under existing laws, but shall be cumulative and additional to such remedies;

* * *

However, the Solicitor General's line of reasoning is fatally flawed by the failure of the facts to support it. From a cursory reading of the assailed order, it is readily apparent that the order is premised on petitioner's refusal to vacate the service station in spite of the expiration and non-renewal of his dealership and lease agreements with respondent Shell. Nowhere in the order is it stated that petitioner had engaged in illegal trading in petroleum products or had committed any other violation of B.P. Blg. 33. The order merely makes reference to a "violation of BEU laws, rules and regulations, "without stating the specific provision violated. That petitioner had engaged in illegal trading in petroleum products cannot even be implied from the wording of the assailed order.

But then, even if petitioner was indeed engaged in illegal trading in petroleum products, there was no basis under B.P. Blg. 33 to order him to vacate the service station and to turn it over to respondent Shell. Illegal trading in petroleum products is a criminal act wherein the injured party is the State. Respondent Shell is not even alleged by the Solicitor General as a private party prejudiced and, therefore, it can claim no relief if a criminal case is instituted.[*]

Even on the assumption that petitioner's continued occupancy and operation of the service station constituted a violation of a law or regulation, still the Court has no recourse but to rule against the legality of the order, the Bureau of Energy Utilization not being empowered to issue it. Section 7 of P.D. No. 1206, as amended, is very clear as to the courses of action that the Bureau of Energy Utilization may take in case of a violation or non-compliance with any term or condition of any certificate, license or permit issued by the Bureau or any of its orders, decisions, rules or regulations. The Bureau may: (1) impose a fine not exceeding P1,000.00; and (2) in case of failure to pay the fine imposed or to cease and discontinue the violation or non-compliance, order the suspension, closure or stoppage of operations of the establishment of the guilty party. Its authority is limited to these two (2) options. It can do no more, as there is nothing in P.D. No. 1206, as amended, which empowers the Bureau to issue an order to vacate in case of a violation.

As it is, jurisdiction to order a lessee to vacate the leased premises is vested in the civil courts in an appropriate case for unlawful detainer or accion publiciana [Sec. 19 (2) and 33 (2), B.P. Blg. 129, as amended.] There is nothing in P.D. No. 1206, as amended, that would suggest that the same or similar jurisdiction has been granted to the Bureau of Energy Utilization. It is a fundamental rule that an administrative agency has only such powers as are expressly granted to it by law and those that are necessarily implied in the exercise thereof [Makati Stock Exchange, Inc. v. Securities and Exchange Commission, G.R. No. L-23004, June 30, 1965, 14 SCRA 620; Sy v. Central Bank, G.R. No. L-41480, April 30, 1976, 70 SCRA 570.] That issuing the order to vacate was the most effective way of stopping any illegal trading in petroleum products is no excuse for a deviation from this rule. Otherwise, adherence to the rule of law would be rendered meaningless.

Moreover, contrary to the Solicitor General's theory, the text of the assailed order leaves no room for doubt that it was issued in connection with an adjudication of the contractual dispute between respondent Shell and petitioner. But then the Bureau of Energy Utilization, like its predecessor, the defunct Oil Industry Commission, has no power to decide contractual disputes between gasoline dealers and oil companies, in the absence of an express provision of law granting to it such power [see *Pilipinas Shell Petroleum Corp. v. Oil Industry Commission*, G.R. No. L-41315, November 13, 1986, 145 SCRA 433.] As explicitly stated in the law, in connection with the exercise of quasi-judicial powers, the Bureau's jurisdiction is limited to cases involving violation or non-compliance with any term or condition of any certificate, license or permit issued by it or of any of its orders, decisions, rules or regulations.

Viewed from any angle, respondent F.C. Caasi, Jr., in issuing the assailed order, acted beyond his authority and

overstepped the powers granted by P.D. No. 1206, as amended. The assailed order was, therefore, null and void.

Even if the issuance of the order to vacate was Within the authority of respondent Caasi, Jr., still its nullity is apparent because of the failure to comply with the requirement of notice and hearing. That P.D. No. 1206, as amended, requires notice and hearing before any administrative penalty provided in Sec. 7(e) may be imposed is patent. Sec. 7(e) provides for a gradation of penalties of which the imposition of a fine in an amount not exceeding P1,000.00 is the least severe, and requires that even before a fine is imposed notice and an opportunity to be heard be given to the offender.

While the order dated April 15, 1986 is null and void, the Court, however, finds itself unable to issue the writ of mandatory injunction prayed for ordering respondent Shell to restore possession of the service station and the equipment and facilities therein to petitioner. Petitioner himself had admitted in his petition that his dealership and lease agreements with respondent Shell had already expired. Recognizing the validity of the termination of the agreements, he requested for their renewal. However this request was denied. [Rollo, p. 9.] Undeniably, after April 12, 1986, any right petitioner had to possess the service station and the equipment and facilities therein had been extinguished. No basis for an affirmative relief therefore exists.

WHEREFORE, in view of the foregoing, the Decision of the Court of Appeals dated February 10, 1987 is REVERSED and the Order dated April 15, 1986 issued by respondent Caasi, Jr. of the Bureau of Energy Utilization is ANNULLED and SET ASIDE.

However, the right of petitioner to the possession of the service station and the equipment and facilities having been extinguished, the prayer for the issuance of a writ of mandatory injunction is DENIED.

SO ORDERED.

Gutierrez, Jr., Feliciano and Bidin, JJ., concur.

Fernan, C.J., no part, was counsel for Pilipinas Shell Petroleum Corporation (Cebu Office).

[*] B.P. Blg. 33 penalizes a person guilty of illegal trading in petroleum products with a fine of not less than P2,000.00 or imprisonment of at least 2 months but not more than 1 year, or both, in the discretion of the court. Furthermore, the petroleum products subject of the offense shall be forfeited in favor of the Government, provided that if the products had already been delivered and paid the payment shall be the subject of the forfeiture, and if the seller who has not yet delivered has been fully paid, he shall return the payment received to the buyer. If the offender is a trader his license shall also be cancelled. [Sec. 7]

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