

**JULIAN SEGUNDO MANANTAN, MARIA A. VDA. DE TALAVERA,
BEATRIZ TALAVERA MORALES ACCOMPANIED BY HER HUSBAND
JESUS MORALES, AND DELFIN B. FLORES, PETITIONERS AND
APPELLANTS, VS. THE ...**

G.R. No. L-2337. February 26, 1949

Ponente: REYES, J.

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REYES, J.:

This is an appeal from a judgment of the Court of First Instance of La Union.

The facts are not disputed.

On December 15, 1945, the municipal council of Luna, province of La Union, passed its Resolution No. 32, series of 1945, for the purpose of offering at public auction on January 15, 1946, a lease of the privilege to catch "bangus" fry within a certain section of the municipal waters. The pertinent part of the resolution reads:

"RESOLVED FURTHER, That said lease should be paid in cash by the successful bidder and that the minimum bid is hereby fixed to the minimum price of One thousand pesos (P1,000) for one year, beginning January 1, 1946 up to and including December 31, 1949; that said lease can be extended for a period of from one to four years, to be paid in cash or by yearly instalments as this council may deem it profitable for the best interest of the government of this municipality."

Acting on the authority granted in said resolution, the municipal treasurer issued the necessary notices for the auction wherein it was stated, among other things, that the fishing privilege in question would be leased "to the highest bidder ranging from P1,000 and up together with a deposit of 10 per cent of the amount so offered, for the period of one year from January 1, 1946, to December 31, 1946.", with the further statement that "Bids for more than one year but not more than four years can be offered. Prospective bidders may see the Municipal Secretary about the conditions of the lease for more than one year."

The auction was held on the date specified, and, of the five bids submitted, that of Julian Segundo Manantan and his associates was declared to be the best and highest. In official confirmation of this declaration, the municipal council passed Resolution No. 37, series of 1946, granting to Julian Segundo Manantan and his associates the fishing privilege in question and authorizing the municipal mayor to execute the corresponding contract of lease. In due time the contract was signed by the parties, and, conformably to the bid, the lease was to be for four years (from 1946 to 1949, inclusive) at the agreed price of P1,000 for the first year, payable immediately, and P2,400 for the succeeding three years, payable in a lump sum at the beginning of 1947 or in instalments at the discretion of the municipal council.

After paying the P1,000 corresponding to the first year of the lease, the lessees began catching "bangus" fry within the fishery zone in question. But on July 20, 1946, the municipal council, now composed of a new set of councilors headed by a new mayor, passed Resolution No. 2, series of 1946, requesting the Provincial Board of La

Union to annul Resolution No. 32, series of 1945, and the fishing privilege granted thereunder to Julian Segundo Manantan and his partners, and the request having been granted, the said council, on December 22, 1946, approved Resolution No. 23, series of 1946, providing for the auctioning of the same fishing privilege for the year 1947 at the minimum price of P4,000. Upon learning of this proposed auction, Julian Segundo Manantan, later joined by his partners, commenced the present suit in the Court of First Instance of La Union to have the last-mentioned resolution declared void and the municipal council enjoined from carrying out the auction. The municipal council, however, went ahead with the auction and awarded the lease for the fishing privilege in question to Timoteo Santaromana, whose bid was declared to be the better of the two that were submitted. But the petitioners succeeded in having a writ of preliminary injunction issued on April 11, 1947, against the municipality, the municipal mayor, the municipal councilors, and Timoteo Santaromana, enjoining them and their agents from preventing the petitioners from enjoying their privilege under the lease.

After trial, the Court of First Instance decided in favor of the respondents, holding Resolution No. 37, series of 1946, and the fishery lease contract granted thereunder to the petitioners to be null and void, and in consequence upholding the validity of the lease contract granted to Timoteo Santaromana and requiring the petitioners to account for the value of the "bangus" fry caught by them from the date of the issuance of the preliminary injunction, less reasonable expenses.

From this decision, petitioners have appealed to this Court, contending that the lower court erred in holding Resolution No. 37 to be null and void, and in not declaring Resolution No. 23 null and void as violative of the constitutional provision prohibiting the passage of any law impairing the obligation of contracts.

It is obvious that the case hinges on the validity of Resolution No. 37 granting the fishing privilege to the petitioners. The learned trial Judge rightly held that Resolution No. 32 (the one authorizing the first auction) was not invalidated by the fact that it was disapproved by the provincial board, since "the only ground upon which a provincial board may declare any municipal resolution * * * invalid is when such resolution * * * is beyond the powers conferred upon the council * * * making the same" (Gabriel vs. Provincial Board of Pampanga, 50 Phil. 636, 692), and there is no question that Resolution No. 32 is within the powers granted to municipal councils by the Fishery Law (Section 67, Act No. 4003, as amended by Com. Act No. 471.) His Honor, however, was in error in taking the view that Resolution No. 37 and the lease contract granted Under it were null and void on the ground that when the municipal council by said resolution "accepted the four-year bid proposal of petitioners and declared them to (be) the best and highest bidders for the 1946-1947-1948-1949 fishing privilege, the municipal council in effect awarded to the petitioners the four-year fishing privilege without the intended benefits of public auction, in violation of section 69 of Act No. 4003, the Fishery Law, as amended by Commonwealth Act No. 471." The trial Judge thus proceeds on the assumption that Resolution No. 32, which authorized the first auction, did not authorize a lease for more than one year, so that the notice of public auction calling for bids for a longer period was unauthorized and, therefore, void.

We don't think this assumption is justified by the terms of the resolution. It is true that the resolution fixes the minimum price for the lease at P1,000 for one year "beginning January 1, 1946, up to and including December 31, 1949." But nowhere does it say that the lease was to be for one year only. On the contrary, it expressly provides that the lease "can be extended for a period of from one to four years," thus indicating an intention not to limit the duration of the lease to one year. In accord with that intention, the municipal treasurer, in announcing the public auction, inserted in the notice a provision that "bids for more than one year but not more than four years can be offered," and the same municipal council which passed the resolution (No. 32) confirmed that intention by entertaining and accepting in its Resolution No. 37 the petitioners' bid for four years. It is a rule repeatedly followed by this Court that "the construction placed upon a law at the time by the officials in charge of enforcing

it should be respected." (In re Allen, 2 Phil., 630; Government of the Philippine Islands vs. Municipality of Binalonan, 32 Phil., 634; Molina vs. Rafferty, 37 Phil., 545; Madrigal and Paterno vs. Rafferty and Concepcion, 38 Phil., 414.)" (Guanio vs. Fernandez, 55 Phil., 814, 819).

As that part of the notice issued by the municipal treasurer which calls for bids for a longer period than one year but not more than four years is in accord with the real intent of Resolution No. 32, as that intention was subsequently confirmed in Resolution No. 37 of the same municipal council, the said notice can not be deemed to be unauthorized and void, so that it is error to hold that the grant of the fishing privilege to the petitioners was null and void for lack of a valid notice of the public auction.

It results that the contract of lease entered into under the authority of Resolution No. 37 between the petitioners and the municipal government of Luna is a valid and binding contract, and as such it is protected by the Constitution and can not, therefore, be impaired by a subsequent resolution which sets it aside and grants the fishing privilege to another party.

Wherefore, the judgment appealed from is revoked and another one shall be entered declaring the contract entered into between the municipal government of Luna, province of La union and Julian Segundo Manantan and his associates under the authority of Resolutions No. 32, series of 1945, and No. 37, series of 1946, to be valid; and Resolution No. 27, series of 1946, and the contract entered into thereunder between the same municipal government and Timoteo Santaromana to be void as violative of the constitutional provision against the impairment of the obligation of contracts. With costs against the appellees. So ordered.

Moran, C.J., Paras, Feria, Pablo, Perfecto, Bengzon, Briones, and Tuason, JJ., concur.

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