

GO KA TOC SONS & CO., ETC., PLAINTIFF-APPELLEE, VS. RICE AND CORN BOARD, DEFENDANT-APPELLANT.

G.R. No. 23607. May 23, 1967

Ponente: BENGZON, J.P., J.

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BENGZON, J.P., J.:

Plaintiff-appellee Go Ka Toe Sons & Co. is a duly registered partnership, not wholly owned by Filipinos, engaged since 1958 in the manufacture, processing and marketing of vegetable oil extracted from corn, rice, copra, soybean, peanuts, fish, and other vegetable products.

On August 2, 1960, Republic Act 3018 was approved, Section 1 of which prohibited, among others, partnerships whose capital was not wholly owned by citizens of the Philippines from engaging, directly or indirectly, in the rice and/or corn industry. The law was to take effect on January 1, 1961. However, Section 3(a) allowed such partnerships, upon registration with the municipal treasurer, to continue business until two years from and after January 1, 1961.

"SEC. 3. All such persons, associations, partnerships, or corporations that have complied with the requirements provided in Section two hereof, if they so apply, shall be allowed to continue to engage in their respective lines of activity in the rice and/or corn industry only for the purpose of liquidation, as follows:

"(a) Those engaged in the retail, wholesale, culture, transportation, handling, distribution or acquisition for the purpose of trade of rice and/or corn and the by-products thereof shall be allowed to continue to engage therein for a period of two years from the date of effectivity of this Act;"

x x x x x

On November 21, 1960, the newly created Rice and Corn Board[1] issued Resolution No. 10, pursuant to Section 6 of the law, defining the term "by-product" used in the law, as follows:

"By-product shall mean the secondary products resulting from the process of husking, grinding, milling, and cleaning of palay and corn, such as, but not limited to 'binlid', 'darak', 'tahop', 'tiktik', 'corn husk', 'corn drips' and 'corn meals'."

And on July 10, 1961, the RICOB issued Gen. Circular No. 1, as amended, which defined the term "capital investment" used in Section 3 of Republic Act 3018 which limits the maximum amount of capital investments of alien persons and entities engaged in the rice and/or corn industry to the amount stated in their statement made pursuant to Section 2 of the law.

These two circulars have been duly published and translated into the local dialect pursuant to Section 6 of Republic Act 3018.

Plaintiff-appellee, having been required by agents of RICOB to register in accordance with Section 2 of the law and the latter's resolution, dated January 3, 1961, ruling that manufacturers and/or dealers of bijon, noodle, corn

starch, gawgaw, rice wine, poultry feeds and other by-products of rice and corn are covered by the law, filed action in the Court of First Instance to declare the said law and RICOB Resolution No. 10, Nov. 21, 1960 and Gen. Circular No. 1, July 10, 1961, as inapplicable to it. Pending trial on the merits, the lower court issued the writ of preliminary injunction prayed for.

To abbreviate the proceedings, the parties entered into a stipulation of facts. Thereupon, the lower court rendered judgment (a) declaring Republic Act 3018 not applicable to plaintiff's business; (b) declaring null and void RICOB's Resolution No. 10, dated November 21, 1960 and General Circular No. 1, as amended, dated July 10, 1961 in so far as they were and are being made applicable to plaintiff's business and (c) making and declaring permanent and perpetual the preliminary writ of injunction issued in the case.

Not satisfied with the foregoing ruling, defendant RICOB, through the Solicitor General, has taken the instant appeal to raise questions purely of law.

Admittedly, plaintiff-appellee has stopped from engaging in the purchase and sale of rice and/or corn since the lapse of the two year period from the effectivity of the law. It has limited its activities to the trade, processing and manufacture of corn and rice oil from raw materials consisting of corn germ proper or embryo ("sungo") and "tahup", as well as from rice husk which it secures from others who mill rice and corn. In the processing and manufacture of corn oil, plaintiff also produces a residue called "corn meal" or "corn meal germ" which it sells and trades. Are these activities covered by Republic Act 3018?

Section 1 of the law defines "rice and/or corn industry" as including the handling of distribution, either in wholesale or retail, and the acquisition for purpose of trade, of the by-products of rice and corn:

"SECTION 1. No person who is not a citizen of the Philippines, or association, partnership or corporation, the capital or capital stock of which is not wholly owned by citizens of the Philippines, shall directly or indirectly engage in the rice and/or corn industry except as provided in Section three of this Act.

"As used in this Act, the term 'rice and/ or corn industry' shall mean and include the culture, milling, warehousing, transporting, exportation, importation, handling the distribution, either in wholesale or retail, the provisions of Republic Act Numbered Eleven hundred and eighty to the contrary notwithstanding, or the acquisition for the purpose of trade of rice (husked or unhusked) or corn and the by-products thereof: Provided, That public utilities duly licensed and registered in accordance with law may transport corn or rice." (Emphasis supplied)

Now, "tahup", "sungo" and "rice husk", which plaintiff acquires from rice and corn millers and from which it manufactures the vegetable oil and produces the "corn meal" or "corn germ meal" that it subsequently distributes and sells are clearly by-products of rice/and or corn.[2]

Although the term "by-product" is not particularly and specifically stated in the title of Republic Act 3018, its inclusion in the body of the law is not invalid, as the lower court held, since it is germane to the subject matter expressed in the title of the law.[3]

Neither is the statutory inclusion of said term in the definition of the phrase "rice and/or corn industry" an invalid legislative usurpation of the court's function to interpret the laws, as the lower court also ruled. This definition is part of the law itself.

Finally, the lower court determined the purpose and intention behind the law, thus:

"x x x In the opinion of the Court, it was never the intention of the Legislature in enacting Republic Act No. 3018 to include in its purpose or scope the processing of the by-products of rice and corn because Filipinos do not depend for their survival by eating the by-products of rice and corn. x x x

"Assuming, without admitting, that the law in question really intended to include in its object the nationalization not only of the rice and corn industry but also the trade of the by-products just mentioned above, the business in which the plaintiff has been engaged and since December 31, 1962, as is at present, engaged, the Court is of the opinion that in the trade, processing, manufacture of corn and rice oil from the raw materials of corn germ proper or embryo (sungu) and tahup and from rice husk converting the remaining parts into 'corn meal' or 'corn germ meal' which is traded and sold and that it acquired its raw materials from those engaged in mill-ing rice and/or corn, the said Republic Act No. 3018 does not cover the plaintiff's business activities just mentioned.

"This is a fair and reasonable interpretation and application of said Republic Act No. 3018, because to include in its control, limitation and prohibition the business of the plaintiff mentioned above, would be not only to render the said law unconstitutional for not including in its title 'and the by-products thereof', but also to unreasonably stretch out and expand the scope and intention of the law to include in its context the processing and extracting of oil from rice and corn and the manufacture of corn meal or corn germ meal and the selling and trading of the same.

"As a logical result of this interpretation of the law spelled out by this Court, it must necessarily follow that the Resolution No. 10, Annex 1 and the general circular dated July 10, 1961, quoted under paragraph 3 of the parties' Stipulation of Facts are hereby declared null and void in so far as they attempted to include in the scope of said law the defendant's business activities described above in which it engaged since December 31, 1962, and in which it has been engaged partly engaged since its formation in 1959."

What the court a quo did was to resort to statutory construction. But this was improper as well as incorrect. The law is clear in enunciating the policy that only Filipinos and associations, partnerships or corporations 100% Filipino can engage even in the trade and acquisition of the by-products of rice and/or corn. So the court's only duty was to apply the law as it was.[4] The purpose of the Act, as expressed in the introductory note of the bill, can control the language of the law only in case of ambiguity.[5] There is none here. Furthermore, the court below's interpretation would render the statute nugatory and defeat its aims, rather than apply and effectuate its provisions,[6] since it struck off the phrase "by-products thereof" from the text of the law.

Since plaintiff-appellee is covered by the statute, there is no necessity for an extensive discussion regarding the validity of Resolution No. 10 of November 21, 1960. The power and authority of appellant RICOB to issue such rules and regulations implementing the law, proceeds from the law itself.[7] Said resolution, by enumerating some specific examples of by-products of rice and/or corn, merely carried out the provisions of law. And the sole reason why the lower court invalidated it, was its mistaken stand that the term "by-product" ought not to have been made a part of the statute.

The foregoing considerations render moot and academic the question regarding the validity of General Circular No. 1 of July 10, 1961.

WHEREFORE, the judgment appealed from is reversed and the writ of injunction issued therein is annulled and set aside. No costs.

SO ORDERED.

Concepcion, C. J., Reyes, J.B.L., Dizon, Regala, Zaldivar, Sanchez, and Castro, JJ., concur.

[1] Hereinafter referred to as "RICOB".

[2] See RICOB Res. No. 10, Nov. 21, 1960.

[3] *Sumulong v. COMELEC*, 73 Phil. 288; *Cordero v. Cabatuando*, L-14542, Oct. 31, 1962.

[4] *People v. Garcia*, 85 Phil. 651 [Resolution on Motion to Reconsider]; *Tecson v. S.S.S.*, L-15798, Dec. 29, 1961.

[5] 82 C.J.S. 621; 50 Am. Jur. 291, 296.

[6] 50 Am. Jur. 358-364.

[7] Sec. 6, Republic Act 3018.

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