

QUALITRANS LIMOUSINE SERVICE INC., PETITIONER, VS. ROYAL CLASS LIMOUSINE SERVICE, LAND TRANSPORTATION COMMISSION, AND COURT OF APPEALS, RESPONDENTS.

G.R. No. 79886. November 22, 1989

Ponente: SARMIENTO, J.

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SARMIENTO, J.:

These two petitions, in the nature of appeals by certiorari, from a joint judgment of the Court of Appeals, were brought by Qualitrans Limousine Service, Inc., grantee of a certificate of public convenience issued by the defunct Board of Transportation to operate a “garage (tourist) air-conditioned service”[1] in Manila to any point in the island of Luzon. By our Resolution of September 7, 1988, we consolidated the twin cases. We also gave due course thereto.

The facts, never disputed, are stated in the decision of the Court of Appeals. We quote:

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On June 22, 1982, the then Board of Transportation, now the Land Transportation Commission, rendered a Decision granting petitioner a certificate of public convenience to operate a garage (tourist) air-conditioned service within the City of Manila and from said place to any point in Luzon, and vice-versa (Annex A, CA-G.R. SP No. 10049).

On June 25, 1982, said Decision was amended by converting petitioner's certificate of public convenience for garage service into one for limousine tourist service for the transportation of all outgoing passengers of the Manila International Airport (Annex B, CA-G.R. SP No. 10049).

On October 14, 1985, a Deed of Absolute Sale (Annex 1 of both Records) was executed by private respondent with Transcare Inc., a duly licensed limousine service operator and likewise, a holder of a certificate of public convenience (Annex 2 of both Records). By virtue of said sale, the franchise granted to Transcare, Inc. for the use of 40 units of tourist cars was sold to private respondent.

On December 27, 1985, upon application filed for the approval of aforementioned sale, an Order was issued by the Land Transportation Commission granting a provisional permit in favor of private respondent (Annexes C and 3, CA-G.R. SP No. 10049); Annexes B and 3, CA-G.R. No. 10370-SP). The prefatory portion thereof states:

"The application filed in this case is for the approval of sale made by TRANSCARE, INC., in favor of ROYAL CLASS LIMOUSINE SERVICE of the Certificate of Public Convenience issued in Case Nos. 81-4405 and 82-415 authorizing the operation of a TOURIST CAR (AIR-CONDITIONED) SERVICE within the New Manila International Airport and from said place to any point in the Island of Luzon accessible to motor vehicle traffic and vice-versa, involving the right to operate forty (40) units authorized therein. x x x" (Emphasis supplied).

On June 17, 1986, petitioner filed a motion for reconsideration before the Land Transportation Commission to

correct the route specified in the prefatory portion of its December 27, 1986 Order (Annex 4 of both Records). Petitioner argues that the application filed by private respondent was for the route from the "New Manila International Airport to hotels and from said hotels to any point in Luzon accessible to vehicular traffic and vice-versa", and not from the "New Manila International Airport x x x to any point in the Island of Luzon x x x" (ibidem). Petitioner claims that respondent has been soliciting passengers from the New Manila International Airport to transport them to any point in Luzon to the prejudice of petitioner's business.

On September 1, 1986, petitioner filed Civil Case No. 4275-P before the Pasay City Regional Trial Court for damages with prayer for issuance of a writ of mandatory injunction against private respondent (Annex D, CA-G.R. SP No. 10049; Annex 5, CA-G.R. SP No. 10370).

On same date, Hon. Fermin A. Martin, Jr., Vice-Executive Judge of the Pasay City Regional Trial Court, issued a Restraining Order directing private respondent to desist from ferrying passengers from the New Manila International Airport to their residences (Annex E, CA-G.R. SP No. 10049; Annex 6, CA-G.R. SP No. 10370). The petition for preliminary injunction was set for hearing on September 5, 1986.

On September 3, 1986, private respondent, defendant in Civil Case No. 4275, filed an Urgent Motion to Dissolve/Lift Restraining Order issued by Hon. Fermin A. Martin, Jr. (Annex F, CA-G.R. SP No. 10049). Thereafter, same respondent filed an Opposition to petitioner's application for a writ of preliminary mandatory injunction (Annex G, CA-G.R. SP No. 10049).

In the hearing of September 5, 1986, respondent Hon. Perpetua D. Coloma, in whose Branch the civil case was raffled, gave petitioner up to September 8, 1986 within which to file an opposition, if any, to respondent's urgent motion.

On September 8, 1986, petitioner filed the required opposition (Annex I, CA-G.R. SP No. 10049). On that same date, respondent Judge ruled on said urgent motion and petitioner's earlier prayer for the issuance of a preliminary mandatory injunction. Pertinent portions of respondent Judge's Order read as follows:

"After a careful examination of the arguments of both parties to support their respective claims, this Court believes that the defendant's contention finds justification under the doctrine of exhaustion of Administrative remedies.

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"Further, this Court doesn't have jurisdiction over this case under Sec. 19 BP Blg. 129.

RTC shall have Exclusive juris-diction. - SEC. 19, BP Blg. 129.

6. In all cases not within the exclusive jurisdiction of any Court, Tribunal, person or body exercising judicial or quasi-judicial functions.

IN VIEW OF ALL THE FOREGOING, this Court is constrained to Lift as it does lift the Restraining Order dated September 1, 1986 and hereby denies the issuance of Preliminary Mandatory." (Sic) (Annex H, CA-G.R. SP No. 10049; Annex 8, CA-G.R. SP No. 10370).

On September 16, 1986, petitioner filed a Motion for Reconsideration (Annex J, CA-G.R. SP No. 10049) which was denied by respondent Court on September 19, 1986.

In the meantime, private respondent filed in respondent Commission a Petition for Declaratory Relief (sic) questioning the latter to declare the extent of its rights under its provisional authority (Annex C, CA-G.R. SP No. 10370).

On September 17, 1986, petitioner was able to secure from respondent Commission an Order directing private respondent "to immediately cease and desist from operating its units from the New Manila International

Airport to any point in Luzon" (Annexes D and 9, CA-G.R. SP No. 10370). Two days later, however, this Order was lifted by respondent Commission upon motion of private respondent (Annex 5, CA-G.R. SP No. 10049; Annexes 10 and 11, CA-G.R. SP No. 10370).

On September 23, 1986, petitioner filed before this Court CA-G.R. SP No. 10049 praying, among others, that a Restraining Order issue to prevent implementation of the September 8, and 19, 1986 Orders of respondent Court and to direct said Court to grant the injunction prayed for therein.

On October 1, 1986, petitioner filed its Opposition to private respondent's Petition for Declaratory Relief pending before respondent Commission (Annex F, CA-G.R. SP No. 10370).

On October 9, 1986, respondent Commission acted on private respondent's Petition for Declaratory Relief ruling that the provisional authority granted to private respondent was "to transport passengers from the New Manila International Airport and from said place to any point in the Island of Luzon x x x." (Annex G, CA-G.R. SP No. 10370).

On October 15, 1986, petitioner filed a motion for respondent Commission to reconsider its Order of October 9, 1986 (Annex H, CA-G.R. SP No. 10370). This was denied by said Commission in its Order dated October 17, 1986 (Annex I, CA-G.R. SP No. 10370).[2]

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The Court of Appeals dismissed both of Qualitrans' petitions and directed it to respect the issuance of a certificate of public convenience (CPC) in favor of Royal Class Limousine Service. The petitioner now holds the Appellate Court to be in error, in these respects:

I

THE COURT OF APPEALS ERRED IN RULING THAT THE LAND TRANSPORTATION COMMISSION HAS JURISDICTION OVER PETITIONS FOR DECLARATORY RELIEF.

II

THE COURT OF APPEALS ERRED IN RULING THAT THE PETITION FOR DECLARATORY RELIEF OF PRIVATE RESPONDENT WAS PROPER.

III

THE COURT OF APPEALS ERRED IN NOT RULING THAT THE DECISIONS OF THE LAND TRANSPORTATION COMMISSION IN CASES NOS. 81-4405 AND 82-416 ARE VOID FOR BEING CONTRARY TO MINISTRY ORDER NO. 81-054.

IV

THE COURT OF APPEALS ERRED IN NOT RULING THAT THE LAND TRANSPORTATION COMMISSION DENIED PETITIONER DUE PROCESS OF LAW, BECAUSE IT ADVANCED THE TIME OF THE HEARING WITHOUT NOTICE TO PETITIONER.

V

THE COURT OF APPEALS ERRED IN RULING THAT THE ORDERS OF OCTOBER 9 AND 17, 1986 OF THE LAND TRANSPORTATION COMMISSION WAS SUPPORTED BY THE EVIDENCE, WHEN NONE WAS EVER ADDUCED.

VI

THE COURT OF APPEALS ERRED IN NOT RULING THAT PRIVATE RESPONDENT IS NOT AUTHORIZED TO TRANSPORT PASSENGERS DIRECTLY FROM THE MANILA INTERNATIONAL AIRPORT TO DESTINATIONS OTHER THAN HOTELS.[3]

Anent the said Appellate Court's affirmance of the Regional Trial Court's Order[4] dismissing Qualitrans' complaint for injunction and damages, Qualitrans assigns the following errors:

I

THE REGIONAL TRIAL COURT HAS JURISDICTION OVER CIVIL CASE NO. 4275-P.

II

THE DOCTRINE OF EXHAUSTION OF ADMINISTRATIVE REMEDIES IS NOT APPLICABLE TO THIS CASE.

III

PETITIONER IS ENTITLED TO THE ISSUANCE OF A WRIT OF PRELIMINARY INJUNCTION.[5]

We sustain the Court of Appeals in both cases.

I (G.R. No. 79886)

1. As to claims that the Land Transportation Commission can not entertain suits for declaratory relief, there is merit in the ruling under question to the effect that the Commission, under its enabling law, Executive Order No. 1011, has ample powers to modify certificates of public convenience, including the grant of latitudinarian franchises in favor of public utilities. We quote:

x x x The (Land Transportation) Commission shall have, among others, the following powers and functions:

(a) Quasi-judicial powers and functions which require notice and hearing -

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(2) To issue, amend, revise, suspend or cancel Certificates of Public Convenience or permits authorizing the operation of public land transportation services provided by motorized vehicles, and to prescribe the appropriate terms and conditions thereof;[6]

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Royal Class' application is, quintessentially, a petition for an expanded route, over which the Board exercises jurisdiction under its charter. If it seemed like an "action for declaratory relief", it is only a coincidence, for the nature of an action is to be determined by what the petition alleges and not by the appellation the parties have attached to their pleadings.[7] Whether it is a petition for declaratory relief or for revision or grant or cancellation of an existing CPC, the authority of the Commission to act is justified, so long as it has been properly invoked.

The fact that Qualitrans had, meanwhile, commenced suit in the Regional Trial Court (RTC) does not oust the Commission of its jurisdiction. The Commission had a primacy of authority to take cognizance of Royal Class' inquiry. It is to be noted, indeed, that the very trial court, by its order of September 8, 1986,[8] denied the issuance of preliminary injunctive relief sought by Qualitrans, in deference, precisely, to the Board's primal and preferential jurisdiction.

2. Of course, the Commission's action must have been preceded by due notice and hearing,[9] and precisely, it is Qualitrans' complaint that it had been deprived of due process for failure of the transportation body to give it notice and hearing (in particular, of Royal Class' motion to lift cease and desist order). The records show, however, that the decision of the Board is founded on substantial evidence.[10] Moreover, in administrative cases, "notice" is not indispensable, but the deprivation of opportunity to be heard. That is not the case here. The reality is that on October 1, 1986, Qualitrans opposed Royal Class' application for "declaratory relief." [11] It can not therefore be heard to say that the Commission had acted without giving the petitioner an avenue to air its side of the story.

3. Anent charges that the Commission issued the questioned certificate of public convenience without evidence, suffice it to say that:

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"... the courts cannot or will not determine a controversy involving a question which is within the jurisdiction of an administrative tribunal prior to the decision of that question by the administrative tribunal, where the question demands the exercise of sound administrative discretion requiring the special knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact, and a uniformity of ruling is essential to comply with the purposes of the regulatory statute administered." Recently, this Court speaking thru Mr. Chief Justice Claudio Teehankee said:

"In this era of clogged court dockets, the need for specialized administrative boards or commissions with the special knowledge, experience, and capability to hear and determine promptly disputes on technical matters or essentially factual matters, subject to judicial review in case of grave abuse of discretion, has become well nigh indispensable." [12]

The records also reveal that there were sound reasons for the lifting of the Commission's cease and desist order, to wit:

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1. Complaint's (sic) Motion for Reconsideration of the order dated December 27, 1985, in Case No. 85-9619 filed on June 17, 1986, has not yet been resolved by this Commission;

2. Respondent's Petition for Declaratory Relief filed on September 15, 1986, is still pending resolution by this Commission;

3. Considerable losses and irreparable injury will be sustained by respondent, not to mention the loss of income of its drivers/employees whose only source of livelihood is dependent on the present and continuous operation of respondent; and

4. Above all, public interest and convenience will suffer and be prejudiced if respondent is restrained from ferrying passengers from the New MIA directly to their respective residences;

5. Likewise, a restraining order should be granted only where there is a clear showing that there is indeed a flagrant violation on (sic) the property right of another. Absence of which or in case of ambiguity, a restraining order is unavailing. And in the present case there is really that ambiguity, attendant to the issues involved, which this Commission shall have to resolve on the merits so as not to prejudice either party. [13]

3. As to charges that the certificate of public convenience of the private respondent had allowed it to transport clients from the Ninoy Aquino International Airport only to hotels but not to any other destination, the Court is agreed that the controlling jurisprudence is *Carmelo and Oriol v. Monserrat*, [14] in which we held:

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Everything else being equal, the real, primary question involved is whether it is better and more convenient for the travelling public in the City of Manila to have two taxicab companies in operation than it is to have one, and whether in truth and in fact the granting of another similar license to the petitioners would operate as a real injury to Monserrat. He is the first in the field and so long as he maintains good and efficient service and meets the demand of the public, it is fair to assume that he will hold his present customers and would have nothing to fear from the granting of a license to the petitioners, and if for any reason he does not give the required kind of service or satisfy the needs of the public, then he would have no right to complain.

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That is to say, taxis are not operated on any schedule or over any certain route or between certain points or in any direction, and that the certificate granted to Monserrat is in the nature of a blanket franchise to operate a taxicab service over any and all of the streets and alleys of the city, in any direction, from any place, and at any time, subject to the call and wish of the customer only both as to time, place, and route of travel. That is to say, it is in the sole discretion of the person desiring to travel whether he shall call a taxi or an auto garage car, and as to when he shall call it, and where he shall go, and in the operation of an autobus line, the operator must maintain a fixed schedule over a specified route between certain points, and must make his trips with or without passengers.[15]

The abovestated doctrine applies with equal force to the case under consideration. For although Monserrat involved a fleet of taxicabs, the taxicab business is no different, fundamentally, from a limousine service because both have very broad destinations.

That Royal Class had, itself, admitted that its franchise covered the NAIA-hotel route alone, does not weaken the Commission's ruling. The yardstick, so Monserrat tells us, is that:

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In the granting or refusal of a certificate of public convenience, all things considered, the question is what is for the best interests of the public.[16]

Like Monserrat, the Court finds it "hard to conceive how it would be for the best interests of the public"[17] to have one line only, "and how the public would be injured by the granting of the certificate in question, for it must be conceded that two companies in the field would stimulate the business..."[18]

It is simply bellyaching to say that Royal Class had transcended the bounds of the certificate of public convenience granted to it. What Qualitrans is plainly carping about is the threat the Royal Class' certificate of public convenience poses on its foothold in the "limo" service business. This is monopolism, plainly and simply, and we can not tolerate it. The constitutional mandate is for "a more equitable distribution of opportunities, income, and wealth"[19] and for the State to regulate or prohibit monopolies."[20]

As we have held furthermore, a provisional authority is given on showing of public need.[21] Thus, it may be issued ex-parte.

II (G.R. No. 79887)

1. For the same reasons, the above appeal must also fail. The Regional Trial Court (RTC) had acted correctly in dismissing Qualitrans' damage suit.

Ramos v. Court of First Instance of Tayabas,[22] in which we sustained the jurisdiction of the CFI (now, RTC) at the expense of Public Service Commission (now, the Land Transportation Commission), has no application. In that case, the aggrieved party had denounced his adversary's action before the PSC. The latter, however, had failed to act. We stamped our imprimatur on the CFI's jurisdiction because of temporal constraints. ("Damages

pile up day by day as infringement continues. The Public Service Commission has been afforded an opportunity to give relief and has not done so."[23])

In addition, there is a need to square the functioning of administrative bodies vis-a-vis contemporary realities. As we have observed, the increasing pattern of law and legal development has been to entrust "special cases" to "special bodies" rather than the courts. As we have also held, the shift of emphasis is attributed to the need to slacken the encumbered dockets of the judiciary and so also, to leave "special cases" to specialists and persons trained therefor.

There is no merit in the claims that Royal Class has been guilty of unfair competition. For starters, its CPC has been duly issued. It (CPC) can not therefore be said to have been acquired through duress or deceit to warrant such a charge.

2. Failure to exhaust administrative remedies is arrayed against Qualitrans. Hence, it can not validly revoke our ruling in *Arrow Transportation Corp. v. Board of Transportation*.^[24] That case was impelled by urgent need, which the courts could address more swiftly. It is not the case here. Not much is at stake in the "limo" business. We hold that the Commission should have better been left alone to discharge its duty without court interference.

3. We are not impressed that Qualitrans has successfully shown that it is entitled to the injunctive writ. Its appeal to "ruinous competition"^[25] is not well-taken. Under the Constitution, the national economy stands for, "competi[tion] in both domestic and foreign markets."^[26] Obviously, not every kind of competition is "ruinous competition". All things considered and all things equal, competition is a healthy thing. Besides, there is no showing that Qualitrans stood to lose its capital investment with the approval of Royal Class' franchise.^[27] Our considered opinion is that Qualitrans should improve its services as a counterbalance to Royal Class' own toehold in the market. And let that be its challenge.

WHEREFORE, the petitions are DENIED. The decision appealed from is AFFIRMED in toto. No costs.

SO ORDERED.

Paras, (Acting Chairman), Padilla, and Regalado, JJ., concur.
Melencio-Herrera, J., (Chairman), on leave.

[1] Rollo, G.R. No. 79886, 70; rollo, G.R. No. 79887, 51.

[2] *Id.*, 70-73, *id.*, 51-54; emphasis in the original.

[3] *Id.*, 13.

[4] *Id.*, 44-47.

[5] *Id.*, 17-18.

[6] Exec. Order No. 1011, sec. 5.

[7] See *Enriquez v. Macadaeg*, 84 Phil. 674 (1949); *Aquino v. COMELEC*, No. L-40004, January 31, 1975, 62 SCRA 275.

[8] Rollo, G.R. No. 79887, *id.*, 44-47.

[9] See Exec. Order No. 1011, sec. 5, *supra*.

[10] *Ang Tibay v. Court of Industrial Relations*, 69 Phil. 635 (1940).

[11] Rollo, id., 73; id., 54.

[12] Saavedra, Jr. v. Securities & Exchange Commission, No. 80879, March 21, 1988, 159 SCRA 57; also Abejo v. Dela Cruz, Nos. 63558, 68450-51, May 19, 1987, 149 SCRA 654; also Blue Bar Coconut Philippines v. Tantuico, Jr., No. L-47051; July 29, 1988, 163 SCRA 716.

[13] Rollo, id., G.R. No. 79886, 52-53.

[14] 55 Phil. 644 (1931).

[15] Supra, 648; 649.

[16] Supra, 649.

[17] Supra.

[18] Supra, 649-650.

[19] CONST. (1987), art. XII, sec. 1.

[20] Supra, sec. 19.

[21] Arrow Transportation Corp. v. Board of Transportation, No. L-39655, March 21, 1975, 63 SCRA 193.

[22] 58 Phil. 374 (1933).

[23] Supra, 377.

[24] Supra.

[25] Rollo, id., G.R. No. 79887, 26.

[26] CONTS., supra, art. XII, sec. 1.

[27] Vda. de Lat v. Public Service Commission, No. L-34987, February 26, 1988, 158 SCRA 180.

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