



SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

EN BANC

SAMSON V. PANTALEON, G.R. No. 194335
EDUARDO A. TACOYO, JR.,
JESUS S. BAUTISTA AND Present:
MONICO C. AGUSTIN,
Petitioners,

PERALTA, *Chief Justice*,
PERLAS-BERNABE,
LEONEN,
CAGUIOA,
GESMUNDO,
HERNANDO,
CARANDANG,
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ,
DELOS SANTOS,
GAERLAN, and
ROSARIO. JJ.

-versus-

METRO MANILA
DEVELOPMENT AUTHORITY,
Respondent.

Promulgated:
November 17, 2020

Done. H. R. Peralta - Justice

X-----X

DECISION

LEONEN, J.:

Under Republic Act No. 7924, the Metro Manila Development Authority is vested with authority to regulate the delivery of metro-wide services in Metropolitan Manila. Included in this authority is the power to promulgate rules and regulations through its governing body, the Metro Manila Council. The Resolution re-implementing the number coding

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scheme to public utility buses is within the rule-making power granted to the Metropolitan Manila Development Authority or its Council to regulate traffic in Metropolitan Manila.

This is a Petition for Injunction (with Prayer for Temporary Restraining Order/Status *Quo Ante* Order and Permanent Injunction)¹ filed by public utility bus drivers, seeking this Court: (1) to enjoin the Metropolitan Manila Development Authority from enforcing against public utility buses its Unified Vehicular Volume Reduction Program, otherwise known as the number coding scheme, as embodied in Metro Manila Development Authority Resolution No. 10-16² and Metro Manila Development Authority Memorandum Circular No. 08, Series of 2010³ (challenged issuances); and (2) to declare the nullity of these issuances.

Petitioners Samson V. Pantaleon, Eduardo A. Tacoyo, Jr., Jesus S. Bautista and Monico C. Agustin are bus drivers who have been plying along the routes between SM Fairview and Baclaran for three (3) to 27 years.⁴

Respondent Metropolitan Manila Development Authority is an administrative agency created by virtue of Republic Act No. 7924⁵ to administer the affairs of Metropolitan Manila. Under Section 4 of Republic Act No. 7924, the Metro Manila Council⁶ is the governing board and policy-making body of the Metropolitan Manila Development Authority.

To address the worsening traffic in Metro Manila, the Metro Manila Council issued Metro Manila Development Authority Regulation No. 96-005⁷ on May 31, 1996 introducing the Unified Vehicular Volume Reduction Program (UVVRP), known as the number coding scheme.⁸

Under the said program, motor vehicles, including tricycles and motorcycles, both public and private, with license plates ending as shown

¹ *Rollo*, pp. 3-24.

² Re-implementing MMDA Regulation No. 96-005, as Amended Entitled "Unified Vehicular Volume Reduction Program Regulating the Operation of Certain Motor Vehicles on all Roads in Metropolitan Manila" for all Public Utility Buses on Experimental Basis.

³ Amendment to Memorandum Circular No. 04, Series of 2010, Entitled "Revised Guidelines on the Issuance of Exemptions from the Unified Vehicular Volume Reduction Program (UVVRP) Under MMDA Regulation No. 96-005, as Amended."

⁴ Except for petitioner Agustin who plys the route Novaliches to Baclaran and vice versa. *Rollo*, pp. 3-29, Petition for Injunction.

⁵ An Act Creating the Metropolitan Manila Development Authority, Defining its Powers and Functions, Providing Funding Therefor and for Other Purposes (March 1, 1995).

⁶ The Metro Manila Council is composed of the mayors of the eight (8) cities and nine (9) municipalities enumerated in Section 1, the president of the Metro Manila Vice Mayors League, and the president of the Metro Manila Councilors League. The heads of the Department of Transportation and Communications, Department of Public Works and Highways, Department of Tourism, Department of Budget and Management, Housing and Urban Development Coordinating, and Philippine National Police, or their duly authorized representatives, shall attend meetings of the council as non-voting members. (Section 4, Rep. Act No. 7924)

⁷ *Rollo*, pp. 30-33.

⁸ *Id.* at 63.

below are prohibited from operating in all national, city, and municipal roads of Metropolitan Manila, during the corresponding days of the weeks from 7:00 a.m. to 7:00 p.m.:

<u>Plate Ending No.</u>	<u>Day of the Week</u>
1 and 2	Monday
3 and 4	Tuesday
5 and 6	Wednesday
7 and 8	Thursday
9 and 0	Friday ⁹

Certain vehicles, however, were exempted from this scheme such as ambulances, fire trucks, government vehicles, and school buses.¹⁰ The regulation provided for a ₱300.00 fine per violation.¹¹

On July 15, 1996, the Metropolitan Manila Development Authority entered into a Memorandum of Agreement with the Integrated Metropolitan Bus Operators Association, Provincial Bus Operators Association of the Philippines, and Southern Luzon Bus Operators Association, partially exempting the buses of these operators associations from the number coding scheme. Under the Agreement, the Metropolitan Manila Development Authority has the power to recall the exemption in the event of rampant violation of traffic rules and regulations committed by bus drivers or accidents due to recklessness by bus drivers or negligence in the maintenance of their units.¹²

On October 15, 2010, the Metro Manila Council adopted Metro Manila Development Authority Resolution No. 10-16, Series of 2010¹³ re-implementing the number coding scheme for all public utility buses, both provincial and city, on experimental basis “due to the recurring heavy traffic along the major thoroughfares of Metro Manila, partly brought about by rampant violation of traffic rules and regulations committed by bus drivers.”¹⁴ The Resolution was to be effective from November 15, 2010 to January 15, 2011.

On October 27, 2010, Metropolitan Manila Development Authority Chairman Francis N. Tolentino issued Memorandum Circular No. 08, Series of 2010¹⁵ to take effect on November 15, 2010. The Circular amended Memorandum Circular No. 04, Series of 2010, entitled “Revised Guidelines on the Issuance of Exemptions from the Unified Vehicular Volume

⁹ MMDA Regulation No. 96-005 (1996), sec. 1.

¹⁰ MMDA Regulation No. 96-005 (1996), sec. 2.

¹¹ MMDA Regulation No. 96-005 (1996), sec. 4.

¹² *Rollo*, pp. 3, 64, and 44.

¹³ *Id.* at 44.

¹⁴ MMDA Resolution No. 10-16 (2010), whereas clauses.

¹⁵ *Rollo*, pp. 41-42.

Reduction Program (UVVRP) under MMDA Regulation No. 96-005, Amended.” The amendment pertained to the removal of public utility provincial and city buses from the list of vehicles exempted from the number coding scheme.

On November 22, 2010, petitioners filed before this Court their Petition for Injunction (with prayer for temporary restraining order/status quo ante order and permanent injunction). They assail the validity of MMDA Resolution No. 10-16, Series of 2010 and Memorandum Circular No. 08, Series of 2010. They pray that: (1) upon receipt of the Petition, a temporary restraining order or status quo ante order be issued enjoining the implementation of the number coding scheme for public utility buses as ordered in the challenged issuances; and (2) after notice and hearing, an order be issued declaring the challenged issuances null and void and granting a permanent injunction stopping their implementation.¹⁶

Respondent filed their Comment¹⁷ on February 10, 2011, while petitioners filed their Reply¹⁸ on April 14, 2011.

Petitioners argue that Metro Manila Development Authority Resolution No. 10-16 and Memorandum Circular No. 08, Series of 2010 contravene Republic Act No. 7924 as well as decisions¹⁹ of this Court, which held that the Metro Manila Development Authority and Metro Manila Council have no legislative and police power, as all its functions are administrative in nature.²⁰ According to petitioners, the administrative issuances constitute an exercise of rule-making authority that is beyond the powers of the Metro Manila Council or the Chairman of the Metro Manila Development Authority.²¹ They argue that a legislative enactment from the respective local government units is necessary to uphold the implementation of the challenged issuances.²²

Even if the issuances were supported by the appropriate local ordinances, petitioners submit that they would still be invalid and ineffective because they unduly encroached upon the powers and prerogatives of the Land Transportation and Franchising Regulatory Board. Petitioners argue that under Section 16 of Commonwealth Act No. 146,²³ it is the Land Transportation and Franchising Regulatory Board which has the exclusive

¹⁶ Id. at 23.

¹⁷ Id. at 62–83.

¹⁸ Id. at 99–106.

¹⁹ See *MMDA v. Bel-Air Village Association, Inc.*, 385 Phil. 586 (2000) [Per J. Puno, First Division]; *MMDA v. Viron Transportation Co., Inc.*, 557 Phil. 121 (2007) [Per J. Carpio Morales, En Banc]; *MMDA v. Dante O. Garin*, 496 Phil. 82 (2005) [Per J. Chico-Nazario, Second Division]; and *MMDA v. Trackworks Rail Transit Advertising, Vending and Promotions, Inc.*, 623 Phil. 236 (2009) [Per J. Bersamin, First Division].

²⁰ *Rollo*, p. 14.

²¹ Id. at 7.

²² Id. at 15.

²³ Public Service Act.

jurisdiction to grant, amend, modify or revoke franchises issued to public utility operators. They also cite Section 5 (a) and (b) of Executive Order No. 202,²⁴ which provides:

SECTION 5. *Powers and Functions of the Land Transportation Franchising and Regulatory Board.* - The Board shall have the following powers and functions:

- a. To prescribe and regulate routes of service, economically viable capacities and zones or areas of operation of public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by the Department of Transportation and Communications;
- b. 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 therefore; . . .

By reducing and limiting the number of buses operating within Metro Manila per day, they claim the challenged issuances added a restrictive condition on the existing franchises granted to public utility bus operators. Moreover, petitioners point out that there is no approval from the Department of Transportation and Communication of the number coding scheme, as required under Section 2 of Executive Order No. 712.²⁵

SECTION 2. Pending the review by the DOTC under Section 1 hereof of existing orders, rules and regulations issued by LGUs, the Department of Interior and Local Government (DILG) shall, subject to existing laws, advise LGUs to suspend (1) the establishment and operations of new and existing transport terminals that charge fees and require compulsory use by public utility vehicles, (2) the enforcement of re-routing schemes that violate the authorized routes as provided for in the PUV franchises, (3) the issuance of new tricycle franchises while respecting those that have been issued already, (4) the increase in local fees and charges applicable to public transportation, and (5) the implementation of local programs, projects and ordinances that have impact on the cost of operations of public utility vehicles without first coordinating and getting the approval of the DOTC to ensure that these programs, projects and ordinances do not prejudice public interest by way of higher transport fares.

In addition, petitioners argue that existing franchises of public utility bus operators were effectively amended without notice and hearing as required by Commonwealth Act No. 146 and Article III, Section 1 of the 1987 Constitution. By decreasing the number of hours a bus was allowed to operate, the challenged issuances effectively reduced the number of work

²⁴ Creating the Land Transportation Franchising and Regulatory Board (June 19, 1987).

²⁵ Directing the Immediate Review of Existing Orders, Rules and Regulations Issued By Local Government Units Concerning Public Transportation, Including the Grant of Franchises to Tricycles, Establishment and Operation of Transport Terminals, Authority to Issue Traffic Citation Tickets, and Unilateral Rerouting Schemes of Public Utility Vehicles, and for Other Purposes.

hours of petitioners, which resulted in lower take-home pay, and ultimately weakened their quality of life.²⁶ The issuances allegedly affected their right to work and earn a decent living without due process.

Meanwhile, respondent counters that: (1) its issuance and implementation of the number coding scheme within the thoroughfares of Metro Manila is a valid exercise of its power granted by Republic Act No. 7924; (2) petitioners are not the real parties-in-interest who can invoke Section 5, paragraphs (a) and (b) of Executive Order No. 202.²⁷ Moreover, insofar as the State is concerned, it argues that a certificate of public convenience does not confer upon its holder a property right in the route covered by the certificate; and (3) petitioners' exercise of their right to work may be subject to reasonable regulations.

The issues for this Court's resolution are:

First, whether or not this Court has original jurisdiction to take cognizance of the Petition;

Second, whether or not the Metro Manila Development Authority or the Metro Manila Council has the legal authority to issue and implement Metro Manila Development Authority Resolution No. 10-16 and Memorandum Circular No. 08, Series of 2010;

Third, whether or not the Metro Manila Development Authority issuances are invalid and ineffective for encroaching upon the powers of the Land Transportation and Franchising Regulatory Board under Section 16 of Commonwealth Act No. 146 or the Public Service Act and Section 5 (a) and (b) of Executive Order No. 202;

Fourth, whether or not petitioners are the real parties-in-interest who can properly invoke Section 5, paragraphs (a) and (b) of Executive Order No. 202; and

Lastly, whether or not the challenged issuances violate the due process clause of the 1987 Constitution for having been issued without proper notice and hearing.

²⁶ *Rollo*, pp. 7-8.

²⁷ SECTION 5. *Powers and Functions of the Land Transportation Franchising and Regulatory Board.* — The Board shall have the following powers and functions:

a. To prescribe and regulate routes of service, economically viable capacities and zones or areas of operation of public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by the Department of Transportation and Communications;

b. 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 therefor[.]

I

Petitioners urge this Court to take cognizance of their Petition in view of the transcendental importance and urgency of the issues involved.²⁸ Petitioners contend that the peculiar circumstances as well as the public interest involved sufficiently justify a departure from the rule on hierarchy of courts.²⁹ They add that respondent's illegal acts—such as the use of traffic citation tickets which was the subject of a permanent injunction;³⁰ and threats to impound public utility buses and to cancel their franchises should they violate the number coding scheme—affect their source of livelihood as bus drivers.³¹ They also point out that the highly volatile situation between the transport officials and bus operators remain unresolved, hence their resort to this Court.

On the other hand, respondent submits that the Petition should be dismissed outright for lack of jurisdiction. It argues that an action for injunction is not among the proceedings originally cognizable by the Supreme Court.

We agree with respondent that it is the Regional Trial Court, not this Court, which has original jurisdiction over an action for injunction.³²

Article VIII, Section 5 of the 1987 Constitution and Rule 56, Section 1 of the 1997 Rules of Civil Procedure, which enumerate the cases cognizable by this Court, do not include original actions for injunction:

Article VIII, 1987 Constitution

SECTION 5. The Supreme Court shall have the following powers:

- (1) Exercise original jurisdiction over cases affecting ambassadors, other public ministers and consuls, and over petitions for certiorari, prohibition, mandamus, quo warranto, and habeas corpus.

RULE 56, 1997 Rules of Civil Procedure

SECTION 1. *Original Cases Cognizable.* — Only petitions for *certiorari*, prohibition, *mandamus*, *quo warranto*, *habeas corpus*, disciplinary proceedings against members of the judiciary and attorneys, and cases affecting ambassadors, other public ministers and consuls may be filed

²⁸ Id. at 9–11.

²⁹ Id. at 8.

³⁰ *MMDA v. Pagkakaisa ng mga Samahan ng Tsuper at Operator Phil. (PISTON), et al.*, G.R. No. 185072. Currently pending before the Supreme Court.

³¹ *Rollo*, p. 9.

³² *Remotigue v. Osmeña, Jr.*, 129 Phil. 60 (1967) [Per Curiam, En Banc]; and *Madarang v. Santa Maria*, 37 Phil. 304 (1917) [Per J. Johnson, First Division].

originally in the Supreme Court. (Emphasis in the original)

Actions for injunction lie within the original jurisdiction of the Regional Trial Court pursuant to Chapter II, Section 19 of Batas Pambansa Blg. 129, which grants the Regional Trial Courts original exclusive jurisdiction over “all civil actions in which the subject of the litigation is incapable of pecuniary estimation.”³³

Even if the Petition were to be treated as one for prohibition, the principle of hierarchy of courts requires that it be filed before the appropriate lower court. While this Court has concurrent jurisdiction with Regional Trial Courts and with the Court of Appeals to issue writs of *certiorari*, prohibition and *mandamus*, such concurrence does not accord to parties an absolute, unrestricted freedom of choice of court forum. The judicial hierarchy generally determines the appropriate forum for petitions for these writs.³⁴

The purpose for the doctrine requiring respect for the hierarchy of courts is to ensure that the different levels of the judiciary perform their designated roles in an effective and efficient manner.³⁵ Observance of the rule frees up this Court of functions falling within the lower courts so that it can focus on its fundamental tasks under the Constitution.³⁶ As this Court explained in *The Diocese of Bacolod v. Commission on Elections*:³⁷

The doctrine that requires respect for the hierarchy of courts was created by this court to ensure that every level of the judiciary performs its designated roles in an effective and efficient manner. Trial courts do not only determine the facts from the evaluation of the evidence presented before them. They are likewise competent to determine issues of law which may include the validity of an ordinance, statute, or even an executive issuance in relation to the Constitution. To effectively perform these functions, they are territorially organized into regions and then into branches. Their writs generally reach within those territorial boundaries. Necessarily, they mostly perform the all-important task of inferring the facts from the evidence as these are physically presented before them. In many instances, the facts occur within their territorial jurisdiction, which properly present the ‘actual case’ that makes ripe a determination of the constitutionality of such action. The consequences, of course, would be national in scope. There are, however, some cases where resort to courts at their level would not be practical considering their decisions could still be appealed before the higher courts, such as the Court of Appeals.

³³ *Philippine Amusement and Gaming Corp. v. Fontana Development Corporation*, 636 Phil. 472, 485 (2010) [Per J. Velasco, Jr., First Division]. See also *Subic Bay Metropolitan Authority v. Rodriguez*, 633 Phil. 196 (2010) [Per J. Carpio, Second Division]; and *Notre Dame De Lourdes Hospital v. Mallare-Phillips*, 274 Phil. 467 (1991) [Per J. Grino-Aquino, First Division].

³⁴ *Review Center Association of the Philippines v. Ermita*, 602 Phil. 342 (2009) [Per J. Carpio, En Banc] citing *Liga ng mga Barangay National v. City Mayor of Manila*, 465 Phil. 529, 542–543 (2004) [Per C.J. Davide, Jr., En Banc].

³⁵ *The Diocese of Bacolod v. Commission on Elections*, 751 Phil. 301 (2015) [Per J. Leonen, En Banc].

³⁶ *Id.* citing *Banez, Jr. v. Concepcion*, 693 Phil. 399 (2012) [Per J. Bersamin, First Division].

³⁷ 751 Phil. 301 (2015) [Per J. Leonen, En Banc].

The Court of Appeals is primarily designed as an appellate court that reviews the determination of facts and law made by the trial courts. It is collegiate in nature. This nature ensures more standpoints in the review of the actions of the trial court. But the Court of Appeals also has original jurisdiction over most special civil actions. Unlike the trial courts, its writs can have a nationwide scope. It is competent to determine facts and, ideally, should act on constitutional issues that may not necessarily be novel unless there are factual questions to determine.

This court, on the other hand, leads the judiciary by breaking new ground or further reiterating — in the light of new circumstances or in the light of some confusions of bench or bar — existing precedents. Rather than a court of first instance or as a repetition of the actions of the Court of Appeals, this court promulgates these doctrinal devices in order that it truly performs that role.³⁸ (Citations omitted)

Nonetheless, this Court had, in the past, taken cognizance of improper petitions where “compelling reasons, or the nature and importance of the issues³⁹ raised, warrant the immediate exercise of its jurisdiction.”⁴⁰

For instance, in *United Claimants Association of NEA v. National Electrification Administration*,⁴¹ the dismissal of more than 700 employees, or the entire plantilla of NEA, by virtue of a resolution issued by the NEA Board was considered *special and important reason* for this Court’s cognizance of an action for injunction. In *Gamboa v. Finance Secretary Teves*,⁴² the issue on the definition of the term “capital” in Article XII, Section 11 of the Constitution was deemed to have *far-reaching implications* for the national economy. Hence, this Court treated the petition for declaratory relief as one for *mandamus*.

In *Metropolitan Traffic Command West Traffic District v. Gonong*,⁴³ the issue of whether there was a law or ordinance authorizing the removal of the license plates of illegally parked vehicles was viewed important by this Court, urging it to address and resolve the question directly despite non-compliance with the rule on hierarchy of courts. Similarly, in *Agan Jr. v. PIATCO*,⁴⁴ the rule on hierarchy of courts was relaxed in view of the *transcendental importance* of the consolidated cases as they involved “the construction and operation of the country’s premier international airport.”⁴⁵

³⁸ Id. at 329–330.

³⁹ *Review Center Association of the Philippines v. Ermita*, 602 Phil. 342 (2009) [Per J. Carpio, En Banc]; and *Metropolitan Traffic Command West Traffic District v. Gonong*, 265 Phil. 472 (1990), [Per J. Cruz, En Banc].

⁴⁰ *Del Mar v. PAGCOR*, 400 Phil. 307 (2000) [Per J. Puno, En Banc] citing *Fortich v. Corona*, 359 Phil. 210 (1998) [Per J. Martinez, Second Division].

⁴¹ 680 Phil. 506 (2012) [Per J. Velasco, Jr., En Banc].

⁴² 668 Phil. 1 (2011) [Per J. Carpio, En Banc].

⁴³ 265 Phil. 472 (1990) [Per J. Cruz, En Banc].

⁴⁴ 450 Phil. 744 (2003) [Per J. Puno, En Banc].

⁴⁵ Id. at 805.

Moreover, the issues raised were considered of first impression and entailed the interpretation of key provisions of the Constitution, the Build Operate and Transfer Law and its Implementing Rules and Regulations.

Again, in *Province of Batangas v. Romulo*,⁴⁶ this Court resolved the petition for *certiorari*, prohibition and *mandamus* because the issue raised was purely legal, and because of the “transcendental importance” of the case involving the application of the constitutional principle on local autonomy.

In *The Diocese of Bacolod v. Commission on Elections*,⁴⁷ this Court enumerated the following exceptions to the doctrine on hierarchy of courts: (1) those involving genuine issues of constitutionality that must be addressed at the most immediate time; (2) those where the issues are of transcendental importance, and the threat to fundamental constitutional rights are so great as to outweigh the necessity for prudence; (3) cases of first impression, where no jurisprudence yet exists that will guide the lower courts on such issues; (4) where the constitutional issues raised are better decided after a thorough deliberation by a collegiate body and with the concurrence of the majority of those who participated in its discussion; (5) where time is of the essence; (6) where the act being questioned was that of a constitutional body; (7) where there is no other plain, speedy, and adequate remedy in the ordinary course of law that could free petitioner from the injurious effects of respondents’ acts in violation of their constitutional rights; and (8) the issues involve *public welfare*, the advancement of public policy, the broader interest of justice, or where the orders complained of are patent nullities, or where appeal can be considered as clearly an inappropriate remedy.

The present petition seeks to enjoin the Metro Manila Development Authority from implementing its Resolution No. 10-16 and Circular No. 08, Series of 2010, on the ground that said issuances exceeded the authority given in its Charter and violated other laws. Although captioned as a Petition for Injunction, it is actually one for Prohibition under this Court’s expanded power to determine grave abuse of discretion committed by a government branch or instrumentality.⁴⁸ The issue submitted is purely legal as it involves the scope of the powers and authority of the Metro Manila Development Authority and the Metro Manila Council.

Furthermore, public welfare and safety underlies the issuance of the regulatory measures.⁴⁹ Metro Manila Development Authority Resolution No. 10-16 and Memorandum Circular No. 8, Series of 2010 were issued due to the felt need to address the worsening traffic congestion in Metro Manila which, as determined by the respondent, was caused by the increasing

⁴⁶ 473 Phil. 806 (2004) [Per J. Callejo, Sr., En Banc].

⁴⁷ 751 Phil. 301 (2015) [Per J. Leonen, En Banc].

⁴⁸ CONST. Art. VIII, Sec. 1. See *Araullo v. Aquino III*, 752 Phil. 716 (2014) [Per J. Bersamin, En Banc].

⁴⁹ See *Luque v. Villegas*, 141 Phil. 108 (1969) [Per J. Sanchez, En Banc]; and *Calalang v. Williams*, 70 Phil. 726, 733 (1940) [Per J. Laurel, First Division].

volume of buses plying the major thoroughfares. The transcendental importance to the public of the extent of the powers of the Metro Manila Development Authority and the Metro Manila Council demands that we set aside procedural barriers and settle the matter definitely.

II

Petitioners are not questioning the validity of Metro Manila Development Authority Regulation No. 96-005⁵⁰ dated May 31, 1996, the precursor of Metro Manila Development Authority Resolution No. 10-16, Series of 2010. Administrative issuances benefit from the same presumption of validity and constitutionality enjoyed by statutes.⁵¹ Not being contested by petitioners, this Court deems Metro Manila Development Authority Regulation No. 96-005 to be valid and to have been passed according to the procedure prescribed by law.

Metro Manila Development Authority Regulation No. 96-005 is the administrative rule that originally imposed the number coding scheme on *all* motor vehicles plying all national, city and municipal roads in Metropolitan Manila, except for certain exempted vehicles listed in Section 2. Public utility buses were not included in the list of vehicles automatically exempted under Section 2 of MMDA Regulation No. 96-005, and hence, were initially covered by the number coding scheme.

However, by virtue of a Memorandum of Agreement between the Metro Manila Development Authority and bus operators associations, public utility buses were partially exempted from the number coding scheme, subject to the right of the former to recall the exemption under certain conditions. What petitioners are questioning now is the re-implementation of the number coding scheme to public utility buses through Metro Manila Development Authority Resolution No. 10-16 and Memorandum Circular No. 08, Series of 2010.

Petitioners are not the proper parties to question the validity of Metro Manila Development Authority Resolution No. 10-16, Series of 2010, which effectively revoked the exemption granted to public utility buses, because they were not parties to the Memorandum of Agreement executed between the Metro Manila Development Authority and the bus operators associations.

We hold that Metro Manila Development Authority Resolution No. 

⁵⁰ MMDA Regulation No. 96-005 expressly repealed MMDA Regulation Nos. 95-001 (Regulating the Volume of Private Vehicles in Identified Critical Thoroughfares in Metro Manila Through the Vehicular Volume Reduction Program) and 96-004 (Regulating the Volume of Public Motor Vehicles on All Roads in Metro Manila Through the Vehicular Volume Reduction Program).

⁵¹ *Mirasol v. Department of Public Works and Highways*, 523 Phil. 713-766 (2006) [Per J. Carpio, En Banc].

10-16 and Memorandum Circular No. 08, series of 2010 were validly issued pursuant to the Metro Manila Development Authority's power to regulate traffic under Republic Act No. 7924.

As a rule, legislative power is generally non-delegable. A recognized exception, however, is the grant of rule-making power to administrative agencies. "Delegated rule-making has become a practical necessity in modern governance due to the increasing complexity and variety of public functions."⁵² In *Eastern Shipping Lines v. Philippine Overseas Employment Administration*.⁵³

The principle of non-delegation of powers is applicable to all the three major powers of the Government but is especially important in the case of the legislative power because of the many instances when its delegation is permitted. The occasions are rare when executive or judicial powers have to be delegated by the authorities to which they legally pertain. In the case of the legislative power, however, such occasions have become more and more frequent, if not necessary. This has led to the observation that the delegation of legislative power has become the rule and its non-delegation the exception.

The reason is the increasing complexity of the task of government and the growing inability of the legislature to cope directly with the myriad problems demanding its attention. The growth of society has ramified its activities and created peculiar and sophisticated problems that the legislature cannot be expected reasonably to comprehend. Specialization even in legislation has become necessary. To many of the problems attendant upon present-day undertakings, the legislature may not have the competence to provide the required direct and efficacious, not to say, specific solutions. These solutions may, however, be expected from its delegates, who are supposed to be experts in the particular fields assigned to them.

The reasons given above for the delegation of legislative powers in general are particularly applicable to administrative bodies. With the proliferation of specialized activities and their attendant peculiar problems, the national legislature has found it more and more necessary to entrust to administrative agencies the authority to issue rules to carry out the general provisions of the statute. This is called the "power of subordinate legislation."

With this power, administrative bodies may implement the broad policies laid down in a statute by "filling in" the details which the Congress may not have the opportunity or competence to provide. This is effected by their promulgation of what are known as supplementary regulations, such as the implementing rules issued by the Department of Labor on the new Labor Code. These regulations have the force and effect of law.⁵⁴

⁵² *Dagan v. Philippine Racing Commission*, 598 Phil. 406, 416 (2009) [Per J. Tinga, En Banc].

⁵³ 248 Phil. 762 (1988) [Per J. Cruz, First Division].

⁵⁴ *Id.* at 772-773.

Thus, Congress may delegate the authority to promulgate rules to implement a law and effectuate its policies.⁵⁵ To be permissible, however, the delegation must satisfy the *completeness* and *sufficient standard* tests.⁵⁶

In the face of the increasing complexity of modern life, delegation of legislative power to various specialized administrative agencies is allowed as an exception to this principle. Given the volume and variety of interactions in today's society, it is doubtful if the legislature can promulgate laws that will deal adequately with and respond promptly to the minutiae of everyday life. Hence, the need to delegate to administrative bodies — the principal agencies tasked to execute laws in their specialized fields — the authority to promulgate rules and regulations to implement a given statute and effectuate its policies. *All that is required for the valid exercise of this power of subordinate legislation is that the regulation be germane to the objects and purposes of the law and that the regulation be not in contradiction to, but in conformity with, the standards prescribed by the law. These requirements are denominated as the completeness test and the sufficient standard test.*⁵⁷ (Emphasis supplied)

The delegation of legislative power is valid only if:

... the law (a) is complete in itself, setting forth therein the policy to be executed, carried out, or implemented by the delegate; and (b) fixes a standard — the limits of which are sufficiently determinate and determinable — to which the delegate must conform in the performance of his functions. A sufficient standard is one which defines legislative policy, marks its limits, maps out its boundaries and specifies the public agency to apply it. It indicates the circumstances under which the legislative command is to be effected.⁵⁸

In addition to the substantive requisites of the completeness test and the sufficient standard test, the Administrative Code of 1987 requires the filing of rules adopted by administrative agencies with the University of the Philippines Law Center.⁵⁹

Administrative rules and regulations that comply with the foregoing requisites have the force and effect of law. *Victorias Milling Co., Inc. v. Social Security Commission*⁶⁰ held:

Rules and regulations when promulgated in pursuance of the procedure or authority conferred upon the administrative agency by law, partake of the nature of a statute, and compliance therewith may be enforced by a penal sanction provided in the law. This is so because statutes are usually

⁵⁵ *The Conference of Maritime Manning Agencies, Inc. v. POEA*, 313 Phil. 592 (1995), [Per J. Davide, First Division].

⁵⁶ *Dagan v. Philippine Racing Commission*, 598 Phil. 406 (2009) [Per J. Tinga, En Banc].

⁵⁷ *Gerochi v. Department of Energy*, 554 Phil. 563, 584–585 (2007) [Per J. Nachura, En Banc].

⁵⁸ *Dagan v. Philippine Racing Commission*, 598 Phil. 406, 417 (2009) [Per J. Tinga, En Banc].

⁵⁹ *Quezon City PTCA Federation, Inc. v. Department of Education*, 781 Phil. 399 (2016) [Per J. Leonen, En Banc].

⁶⁰ 114 Phil. 555 [Per J. Barrera, En Banc].

couched in general terms, after expressing the policy, purposes, objectives, remedies and sanctions intended by the legislature. The details and the manner of carrying out the law are often times left to the administrative agency entrusted with its enforcement. In this sense, it has been said that rules and regulations are the product of a delegated power to create new or additional legal provisions that have the effect of law.⁶¹

Republic Act No. 7924 declared the Metropolitan Manila⁶² area as a “special development and administrative region.”⁶³ It placed the administration of “metro-wide” basic services affecting the region under the Metropolitan Manila Development Authority organized by virtue of Executive Order No. 392, Series of 1990, which replaced the Metro Manila Authority.

Under the law, the Metropolitan Manila Development Authority is tasked with responsibilities for the effective delivery of metro-wide services in Metropolitan Manila.⁶⁴

Section 2 of Republic Act No. 7924 specifically authorizes the Metropolitan Manila Development Authority to perform “*planning, monitoring and coordinative functions*, and in the process *exercise regulatory and supervisory authority* over the delivery of metro-wide services within Metro Manila without diminution of the autonomy of the local government units concerning purely local matters.”

The Metropolitan Manila Development Authority’s scope of services covers those which have metro-wide impact and transcend local political boundaries or entail huge expenditures such that it would not be viable for said services to be provided by the individual local government units comprising Metropolitan Manila.⁶⁵

Section 3 of Republic Act No. 7924 provides for metro-wide services to include “transport and traffic management,” which, in turn, includes:

- (1) the *formulation, coordination and monitoring of policies, standards, programs and projects to rationalize the existing transport operations, infrastructure requirements, the use of thoroughfares, and promotion of safe and convenient movement of persons and goods;*
- (2) provision for the mass transport system *and the institution of a*

⁶¹ Id. at 558.

⁶² The Metropolitan Manila is a public corporation created under Presidential Decree No. 824, embracing the cities of Caloocan, Makati, Mandaluyong, Manila, Muntinlupa, Pasay, Pasig, Quezon, and the municipalities of Las Pinas, Malabon, Marikina, Navotas, Paranaque, Pateros, San Juan, Taguig, and Valenzuela.

⁶³ Republic Act No. 7924 (1994), sec. 1.

⁶⁴ Second Whereas Clause, Rules and Regulations Implementing Rep. Act No. 7924.

⁶⁵ Rules and Regulations Implementing Republic Act No. 7924, sec. 6.

system to regulate road users; and

(3) administration and implementation of all traffic enforcement operations, traffic engineering services and traffic education programs, including the institution of a single ticketing system in Metropolitan Manila.

Meanwhile, Section 5 of Republic Act No. 7924 grants the Metropolitan Manila Development Authority the following powers and functions, among others:

- (1) To set policies concerning traffic in Metropolitan Manila;
- (2) To coordinate and regulate the implementation of all programs and projects concerning traffic management; and
- (3) to install and administer a single-ticketing system, fix, impose and collect fines and penalties for all kinds of violations of traffic rules and regulations, and confiscate and suspend or revoke driver's licenses in the enforcement of such traffic laws and regulations.

Through its governing and policy making body, the Metro Manila Council, the Metropolitan Manila Development Authority is empowered to *issue rules and regulations and resolutions deemed necessary by it to carry out the purposes of the Act, prescribe and collect service and regulatory fees, and impose and collect fines and penalties.*⁶⁶

Petitioners invoke the cases of *MMDA v. Bel-Air Village Association, Inc.*,⁶⁷ *MMDA v. Viron Transportation Co., Inc.*,⁶⁸ *MMDA v. Garin*⁶⁹ and *MMDA v. Trackworks Rail Transit Advertising, Vending and Promotions, Inc.*,⁷⁰ to support its position that the Metropolitan Manila Development Authority has no authority to issue the resolution and circular.

These are not squarely on point with the present case.

In *MMDA v. Bel-Air Village Association, Inc.*,⁷¹ the Metro Manila Development Authority claimed that it had the authority to open to public traffic a subdivision street owned by the Bel-Air Village Association, Inc. and to cause the demolition of the village's perimeter wall because it is an agent of the State endowed with police power in the delivery of basic services in Metro Manila. From this, the Metro Manila Development

⁶⁶ Republic Act No. 7924 (1994), sec. 6.

⁶⁷ 385 Phil. 586 (2000) [Per J. Puno, First Division].

⁶⁸ 557 Phil. 121 (2007) [Per J. Carpio Morales, En Banc].

⁶⁹ 496 Phil. 82 (2005) [Per J. Chico-Nazario, Second Division].

⁷⁰ 623 Phil. 236 (2009) [Per J. Bersamin, First Division].

⁷¹ 385 Phil. 586 (2000) [Per J. Puno, First Division].

Authority argued that there was no need for the City of Makati to enact an ordinance opening Neptune Street to the public.

Tracing the legislative history of Republic Act No. 7924, this Court concluded that the Metro Manila Development Authority is neither a local government unit nor a public corporation endowed with legislative power, and, unlike its predecessor, the Metro Manila Commission, it had no power to enact ordinances for the welfare of the community. Thus, in the absence of an ordinance from the City of Makati, its own order to open the street was invalid. It is in the sense that this Court stated that Republic Act No. 7924 did not grant the Metro Manila Development Authority with police power, let alone legislative power, and that all its functions are administrative in nature.

In *MMDA v. Garin*,⁷² respondent was issued a traffic violation receipt and his driver's license was confiscated for parking illegally along Gandara Street, Binondo, Manila. Garin questioned the validity of Section 5(f) of Republic Act No. 7924. He contended that the provision violated the constitutional prohibition against undue delegation of legislative authority, because it allowed the Metro Manila Development Authority to fix and impose unspecified—and therefore unlimited—fines and other penalties on erring motorists.

While the case was pending in this Court, the Metro Manila Development Authority implemented Memorandum Circular No. 04, Series of 2004 proscribing traffic enforcers from confiscating licenses in traffic violations. Consequently, this Court held that, insofar as the absence of a *prima facie* case to enjoin the petitioner from confiscating drivers' licenses is concerned, the case was mooted by the implementation of MMDA Memorandum Circular No. 04, series of 2004.

However, citing *Bel Air*, this Court further stated in *Garin* that the Metro Manila Development Authority has no legislative power and that Section 5 (f) merely grants it the duty to *enforce existing* traffic laws, rules and regulations enacted by the legislature or those agencies with delegated legislative powers. This *obiter dictum* in *Garin* is erroneous. It contravenes Section 5 of Republic Act No. 7924, which expressly grants the Metro Manila Development Authority or its Council the power to promulgate administrative rules and regulations in the implementation of its functions, which include traffic management and instituting a system for road users. Even *Bel Air* recognizes the delegated rule making power of the Metro Manila Council. l

*MMDA v. Viron Transportation Co., Inc.*⁷³ arose from the issuance of

⁷² 496 Phil. 82 (2005) [Per J. Chico-Nazario, Second Division].

⁷³ 557 Phil. 121 (2007) [Per J. Carpio Morales, En Banc].

Executive Order No. 179 by former President Arroyo, declaring as operational the Greater Manila Transport System Project and designating the Metro Manila Development Authority as the implementing agency. The Project aimed to decongest traffic by eliminating the bus terminals located along major Metro Manila thoroughfares and providing common mass transport terminal facilities. Pursuant to the Executive Order, the Metro Manila Development Authority issued Resolution No. 03-07 expressing full support for the immediate implementation of the Project.

This Court held that although the President had the authority to order the implementation of the Project, the designation of the Metro Manila Development Authority as the implementing agency for the Project was *ultra vires* for lack of legal basis. This Court held that the Department of Transportation and Communication is, by law, the primary implementing and administrative entity in the promotion, development and regulation of networks of transportation. Hence, it is the Department of Transportation and Communication, not the Metro Manila Development Authority, which had the power to administer the transportation project. This Court further ruled that the elimination of bus terminals did not satisfy the standards of a valid police power measure and was contrary to the provisions of the Public Service Act.

In *MMDA v. Trackworks Rail Transit Advertising, Vending and Promotions, Inc.*,⁷⁴ this Court held that MMDA had no power on its own to dismantle the billboards, signages and other advertising media installed by Trackworks in the structures of the Metro Rail Transit 3. Citing *Bel Air, Garin* and *Viron*, this Court reiterated that the Metro Manila Development Authority's powers were limited to formulation, coordination, regulation, implementation, preparation, management, monitoring, setting of policies, installing a system, and administration. Nothing in Republic Act No. 7924 granted it police power, let alone legislative power.

Bel Air, *Viron* and *Trackworks* involved the outright deprivation of private property under the pretext of traffic regulation and promotion of safe and convenient movement of motorists. On the other hand, *Garin* was mooted by supervening events.

In the present case, there is no outright deprivation of property but merely a restriction in the operation of public utility buses along the major roads of Metro Manila through the number coding scheme.

Furthermore, Republic Act No. 7924 clearly confers upon the Metro Manila Development Authority, through the Metro Manila Council, the power to issue regulations that provide for a system to regulate traffic in the major thoroughfares of Metro Manila for the safety and convenience of the

⁷⁴ 623 Phil. 236 (2009) [Per J. Bersamin, First Division].

public.

III

Administrative rules and regulations, to be valid, must conform to the terms and standards prescribed by the law and carry its general policies into effect.⁷⁵ They must not contravene the Constitution and other laws.⁷⁶

In *Smart Communications Inc. v. National Telecommunications Commission*:⁷⁷

The rules and regulations that administrative agencies promulgate, which are the product of a delegated legislative power to create new and additional legal provisions that have the effect of law, should be within the scope of the statutory authority granted by the legislature to the administrative agency. It is required that the regulation be germane to the objects and purposes of the law, and be not in contradiction to, but in conformity with, the standards prescribed by law. They must conform to and be consistent with the provisions of the enabling statute in order for such rule or regulation to be valid. Constitutional and statutory provisions control with respect to what rules and regulations may be promulgated by an administrative body, as well as with respect to what fields are subject to regulation by it. It may not make rules and regulations which are inconsistent with the provisions of the Constitution or a statute, particularly the statute it is administering or which created it, or which are in derogation of, or defeat, the purpose of a statute. In case of conflict between a statute and an administrative order, the former must prevail.⁷⁸

Metro Manila Development Authority Resolution No. 10-16, Series of 2010 and Metro Manila Development Authority Circular No. 08-Series of 2010 were issued within the limits of the powers granted to the Metropolitan Manila Development Authority. Its discretion to reimpose the number coding scheme on public utility buses was a reasonably appropriate response to the serious traffic problem pervading Metro Manila.⁷⁹

⁷⁵ *Republic v. Drugmaker's Laboratories, Inc.*, 728 Phil. 480 (2014) [Per J. Perlas Bernabe, Second Division]; *Eastern Assurance & Surety Corporation (EASCO) v. Land Transportation Franchising and Regulatory Board*, 459 Phil. 395 (2003) [Per J. Panganiban, Third Division]; and *Romulo, Mabanta, Buenaventura, Sayoc & De Los Angeles v. Home Development Mutual Fund*, 389 Phil. 296 (2000) [Per C.J. Davide, First Division].

⁷⁶ *Metropolitan Bank and Trust Company, Inc. v. National Wages and Productivity Commission*, 543 Phil. 318 (2007) [Per J. Austria Martinez, Third Division].

⁷⁷ 456 Phil. 145 (2003) [Per J. Ynares-Santiago, First Division].

⁷⁸ *Id.* at 156.

⁷⁹ The Whereas Clauses of MMDA Resolution No. 10-16 states:

WHEREAS, Sec. 5(e) of RA No. 7924 mandates the MMDA to set policies concerning traffic in Metro Manila, and shall coordinate and regulate the implementation of all programs and projects concerning traffic management specifically pertaining to enforcement, engineering and education;

....

WHEREAS, due to the recurring heavy traffic along the major thoroughfares of Metro Manila, partly brought about by rampant violation of traffic rules and regulations committed by bus drivers, the Metro Manila Council in session duly assembled, after due deliberation, recognized the urgent need to re-

Courts generally give much weight to the competence, expertness, experience and informed judgment of the government agency officials charged with the implementation of the law.⁸⁰

Contrary to petitioners' contention, the challenged issuances do not encroach upon the regulatory powers of the Land Transportation and Franchising Regulatory Board over public utility vehicles under Executive Order No. 202.

First, Republic Act No. 7924, otherwise known as the Metro Manila Development Authority Charter, is a special law and of later enactment than Executive Order No. 202 and the Public Service Law (Commonwealth Act No. 146, as amended). Hence, the provisions of Republic Act No. 7924 should prevail in case of conflicts.

Second, Section 5⁸¹ of Executive Order No. 202 enumerates the

implement MMDA Regulation No. 96-005 for all public utility buses in Metro Manila on experimental basis.

⁸⁰ *Pest Management Association of the Philippines v. Fertilizer and Pesticide Authority*, 545 Phil. 258 (2007) [Per J. Austria-Martinez, Third Division] citing *Republic v. Sandiganbayan*, 355 Phil. 181 (1998) [Per J. Panganiban, First Division] citing in turn *Nestle Philippines, Inc. v. Court of Appeals*, 280 Phil. 548 (1991) [Per J. Feliciano, First Division]; and *Asturias Sugar Central Inc. v. Commissioner of Customs*, 140 Phil. 20 (1969) [Per J. Castro, En Banc].

⁸¹ SECTION 5. *Powers and Functions of the Land Transportation Franchising and Regulatory Board.*
 — The Board shall have the following powers and functions:

- a. To prescribe and regulate routes of service, economically viable capacities and zones or areas of operation of public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by the Department of Transportation and Communications;
- b. 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 therefore;
- c. To determine, prescribe and approve and periodically review and adjust, reasonable fares, rates and other related charges, relative to the operation of public land transportation services provided by motorized vehicles;
- d. To issue preliminary or permanent injunctions, whether prohibitory or Mandatory, in all cases in which it has jurisdiction, and in which cases the pertinent provisions of the Rules of Court shall apply;
- e. To punish for contempt of the Board, both direct and indirect, in accordance with the pertinent provisions of, and the penalties prescribe by, the Rules of Court;
- f. To issue subpoena and subpoena duces tecum and to summon witnesses to appear in any proceedings of the Board, to administer oaths and affirmations;
- g. To conduct investigations and hearings of complaints for violation of the public service laws on land transportation and of the Board's rules and regulations, orders, decisions and/ or ruling and to impose fines and/ or penalties for such violations;
- h. To review motu proprio the decisions/actions of the Regional Franchising and Regulatory Office herein created;
- i. To promulgate rules and regulations governing proceedings before the Board and the Regional Franchising and Regulatory Office: Provided, That except with respect to paragraphs d,e,f and g hereof, the rules of procedure and evidence prevailing in the courts of law should not be controlling and it is the spirit and intention of said rules that the Board and the Regional Franchising and Regulatory Offices shall use every and all reasonable means to ascertain facts in its case speedily and objectively and without regard to technicalities of law and procedures, all in the interest of due process;
- j. To fix, impose and collect, and periodically review and adjust, reasonable fees and other related charges for services rendered;

powers and functions of the Land Transportation and Franchising Regulatory Board. The regulation of traffic is not included in the powers enumerated.

Moreover, there is no provision in the Executive Order that confers to the Land Transportation and Franchising Regulatory Board exclusive power or authority to regulate the operation of public utility buses. It even provides for the Land Transportation and Franchising Regulatory Board to “coordinate and cooperate with other government agencies and entities concerned with any aspect involving public land transportation services with the end in view of effecting continuing improvement of such services.”⁸²

Section 20, of the Implementing Rules and Regulations of Republic Act No. 7924 describes the working relationship of the Metro Manila Development Authority with other national government agencies on transport and traffic:

Sec. 20 Linkage with DOTC and DPWH on Transport and Traffic - The Authority shall undertake transport and traffic management and enforcement operation in Metropolitan Manila in coordination with the Department of Transportation and Communication. It shall formulate a uniform set of rules and regulation for traffic in Metropolitan Manila and establish the regulation thereof, in coordination with DOTC and DPWH and in consultation with all other agencies concerned.

It shall deputize LGU traffic enforcers, duly licensed security guards, members of the Philippines National Police and non-governmental organizations and personnel of national agencies concerned to implement a single ticketing system.

The Authority shall likewise formulate standards for route capacity and volume of motor vehicles for main thoroughfares.

The Land Transportation Franchising and Regulatory Board of the DOTC shall evaluate, approve and issue franchise applications using the standards on route measured capacity, and prescribe and regulate transportation routes and areas of operation of public land transportation of public land transportation services, pursuant to the Metro Manila transport plan.

-
- k. To formulate, promulgate, administer, implement and enforce rules and Regulations on land transportation public utilities, standard of measurements and/ or design, and rules and regulations requiring operators of any public land transportation service to equip, install and provide in their stations such devices, equipment facilities and operating procedures and techniques as may promote safety, protection, comfort and convenience to persons and property in their charges as well as the safety of persons and property within their areas of operations;
 - l. To coordinate and cooperate with other government agencies and entities Concerned with any aspect involving public land transportation services with the end in view of effecting continuing improvement of such services; and
 - m. To perform such other functions and duties as may be provided by law, as may be necessary, or proper or incidental to the purposes and objectives of this Executive Order.

⁸² Executive Order No. 292 (1987), sec. 5 (l).

The Land Transportation Office of the DOTC shall be responsible for the registration of motor vehicles and licensing of drivers, conductors and dealers.

The DPWH may effect the gradual transfer of the operation, maintenance and improvement of the Traffic Engineering Center facilities to the Authority, subject to mutual agreement of the parties concerned. (Emphasis in the original)

The jurisdiction of the Metro Manila Development Authority was conferred by law to address common problems involving basic services that transcended local boundaries. Particularly, it was tasked to coordinate these basic services so that their flow and distribution will be continuous. Pursuant to this function, the Metro Manila Development Authority through its Council is expressly authorized to issue binding rules and regulations pertaining to traffic management.

However, Section 2 of Republic Act No. 7924 provides that the Metro Manila Development Authority's exercise of its powers is "without diminution of the autonomy of the local government units concerning purely local matters." This means that the Metro Manila Development Authority has the right to regulate traffic in Metro Manila, subject to the jurisdiction of local government units to enact ordinances aligned with the Metro Manila Development Authority's general policies.

Petitioners' contention that a legislative enactment from the respective local government units is necessary to uphold the implementation of the Metro Manila Development Authority issuances is untenable. Metro Manila Development Authority Resolution No. 10-16 was approved by the Metro Manila Council, which is composed of the heads of the local government units comprising Metro Manila. Hence, the local government units are presumed to support and adopt the reimplementing of the number coding scheme to public utility buses plying their respective territorial jurisdictions, unless they release an issuance to the contrary.

IV

The challenged issuances are also not violative of the due process clause of the Constitution.

In *City of Manila v. Laguio, Jr.*,⁸³ this Court expounded on the aspects of the guaranty of due process of law as a limitation on the acts of government, viz.:

⁸³ 495 Phil. 289 (2005) [Per J. Tinga, En Banc].

This clause has been interpreted as imposing two separate limits on government, usually called “procedural due process” and “substantive due process”.

Procedural due process, as the phrase implies, refers to the procedures that the government must follow before it deprives a person of life, liberty, or property. Classic procedural due process issues are concerned with that kind of notice and what form of hearing the government must provide when it takes a particular action.

Substantive due process, as that phrase connotes, asks whether the government has an adequate reason for taking away a person's life, liberty, or property. In other words, substantive due process looks to whether there is sufficient justification for the government's action. Case law in the United States (U.S.) tells us that whether there is such a justification depends very much on the level of scrutiny used. For example, if a law is in an area where only rational basis review is applied, substantive due process is met so long as the law is rationally related to a legitimate government purpose. But if it is an area where strict scrutiny is used, such as for protecting fundamental rights, then the government will meet substantive due process only if it can prove that the law is necessary to achieve a compelling government purpose.⁸⁴

Contrary to petitioners' view, lack of prior hearing in this case does not violate procedural due process.⁸⁵

Notice and hearing are not essential when an administrative agency acts pursuant to its rule-making power. In *Central Bank of the Philippines v. Cloribel*:⁸⁶

Previous notice and hearing, as elements of due process, are constitutionally required for the protection of life or vested property rights, as well as of liberty, when its limitation or loss takes place in consequence of a judicial or quasi-judicial proceeding, generally dependent upon a past act or event which has to be established or ascertained. It is not essential to the validity of general rules or regulations promulgated to govern future conduct of a class of persons or enterprises, unless the law provides otherwise . . .

It is also clear from the authorities that where the function of the administrative body is legislative, notice of hearing is not required by due process of law. See Oppenheimer, *Administrative Law*, 2 Md. L.R. 185, 204, *supra*, where it is said: 'If the nature of the administrative agency is essentially legislative, the requirements of notice and hearing are not necessary. The validity of a rule of future action which affects a group, if vested rights of liberty or property are not involved, is not determined according to the same rules which apply in the case of the

⁸⁴ Id. at 311–312.

⁸⁵ *Taxicab Operators of Metro Manila v. Board of Transportation*, 202 Phil. 925 (1982) [Per J. Melencio-Herrera, En Banc].

⁸⁶ 150-A Phil. 86 (1972) [Per J. Concepcion, En Banc].

direct application of a policy to a specific individual.' . . . It is said in 73 C.J.S. Public Administrative Bodies and Procedure, sec. 130, pages 452 and 453: Aside from statute, the necessity of notice and hearing in an administrative proceeding depends on the character of the proceeding and the circumstances involved. In so far as generalization is possible in view of the great variety of administrative proceedings, it may be stated as a general rule that notice and hearing are not essential to the validity of administrative action where the administrative body acts in the exercise of executive, administrative, or legislative functions; but where a public administrative body acts in a judicial or quasi-judicial matter, and its acts are particular and immediate rather than general and prospective, the person whose rights or property may be affected by the action is entitled to notice and hearing.⁸⁷

Section 16 (m) of Commonwealth Act No. 146, invoked by petitioners, is not applicable.

SECTION 16. *Proceedings of the Commission, upon notice and hearing.*
– The Commission shall have power, upon proper notice and hearing in accordance with the rules and provisions of this Act, subject to the limitations and exceptions mentioned and saving provisions to the contrary:

.....

(m) To amend, modify or revoke at any time any certificate issued under the provisions of this Act, ***whenever the facts and circumstances on the strength of which said certificate was issued have been misrepresented or materially changed.*** (Emphasis supplied)

Under this provision, prior notice and hearing is required when the revocation or modification of the certificate is dependent upon a past act or event which has to be established or ascertained in a judicial or quasi-judicial proceeding. In this case, the challenged issuances partake the nature of general rules and regulations promulgated to govern future conduct of persons.

It must be stressed though that publication and filing of administrative issuances with the University of the Philippines Law Center – Office of the National Administrative Register are mandatory in order for these issuances to be effective.⁸⁸

Metro Manila Development Authority Resolution No. 10-16, Series of 2010 was published in the Manila Standard and The Manila Times on October 30, 2010,⁸⁹ two (2) newspapers of general circulation in the

⁸⁷ Id. at 101–102.

⁸⁸ J. Leonen, Separate Opinion in *Cavad v. Abad*, 764 Phil. 705 (2015) [Per J. Peralta, En Banc].

⁸⁹ *Rollo*, p. 44.

Philippines. It does not appear from the records whether a copy of the Resolution was deposited with the Office of the National Administrative Register. However, considering that petitioners do not raise this as an issue, we deem the issuances to have complied with this requirement pursuant to the presumption of regularity accorded to the government in the exercise of its official duties.

Meanwhile, Metro Manila Development Authority Circular No. 8, Series of 2010 was issued by the Metro Manila Development Authority Chairman pursuant to its authority under Section 3 of Metro Manila Development Authority Regulation No. 96-005 to issue the necessary implementing guidelines. The Circular merely removed the public utility buses in the list of exempted vehicles in implementation of Metro Manila Development Authority Resolution No. 10-16. Thus, no prior publication and deposit with the Office of the National Administrative Register are needed for its validity.

Petitioners further argue that by limiting the number of buses operating within Metro Manila per day, the challenged issuances added a restrictive condition on the existing franchises granted to public utility bus operators and effectively reduced the number of work hours of petitioners, which resulted in lower take-home pay without due process of law.

Again, the bus owners/operators or franchisees, and not petitioners, are the real parties in interest who can invoke any right invaded under their franchise. A real party in interest in whose name an action must be prosecuted is one who is shown to be the present real owner of the right sought to be enforced.⁹⁰

Nonetheless, even if we consider petitioners as the real parties in interest, their position cannot stand. A certificate of public convenience is a mere privilege and does not confer upon its holder a property right.⁹¹ *Luque v. Villegas*⁹² explained:

Contending that they possess valid and subsisting certificates of public convenience, the petitioning public services aver that they acquired a vested right to operate their public utility vehicles to and from Manila as appearing in their said respective certificates of public convenience.

Petitioner's argument pales on the face of the fact that the very nature of a certificate of public convenience is at cross purposes with the concept of vested rights. To this day, the accepted view, at least insofar as the State is concerned, is that "a certificate of public convenience constitutes neither a franchise nor a contract, confers no property right,

⁹⁰ *Shipside, Inc. v. Court of Appeals*, G.R. No. 143377. February 20, 2001, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/50282>> [Per J. Melo, Third Division].

⁹¹ *Pangasinan Transportation Co., Inc. v. The Public Service Commission*, 70 Phil. 221, 229 (1940) [Per J. Laurel, First Division].

⁹² 141 Phil. 108 (1969) [Per J. Sanchez En Banc].

and is a mere license or privilege.” The holder of such certificate does not acquire a property right in the route covered thereby. Nor does it confer upon the holder any proprietary right or interest of franchise in the public highways. Revocation of this certificate deprives him of no vested right. Little reflection is necessary to show that the certificate of public convenience is granted with so many strings attached. New and additional burdens, alteration of the certificate, and even revocation or annulment thereof is reserved to the State.⁹³ (Citations omitted)

The operation of public utility buses is particularly imbued with public interest, and as such may be subjected to restraints and burdens to secure the comfort and safety of many.⁹⁴ This Court, in *Pangasinan Transportation Co., Inc. v. The Public Service Commission*,⁹⁵ held:

The business of a common carrier holds such a peculiar relation to the public interest that there is superinduced upon it the right of public regulation. When private property is “affected with a public interest it ceased to be *juris privati* only.” When, therefore, one devotes his property to a use in which the public has an interest, he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common good, to the extent of the interest he has thus created. He may withdraw his grant by discounting the use, but so long as he maintains the use he must submit to control. Indeed, this right of regulation is so far beyond question that it is well settled that the power of the state to exercise legislative control over public utilities may be exercised through boards of commissioners. This right of the state to regulate public utilities is founded upon the police power, and statutes for the control and regulation of utilities are a legitimate exercise thereof, for the protection of the public as well as of the utilities themselves. Such statutes are, therefore, not unconstitutional, either impairing the obligation of contracts, taking property without due process, or denying the equal protection of the laws, especially inasmuch as the question whether or not private property shall be devoted to a public and the consequent burdens assumed is ordinarily for the owner to decide; and if he voluntarily places his property in public service he cannot complain that it becomes subject to the regulatory powers of the state in the light of authorities which hold that a certificate of public convenience constitutes neither a franchise nor contract, confers no property right, and is mere license or privilege.⁹⁶ (Citations omitted)

While this Court recognizes the possible adverse effect of the reimplementa-tion of the number coding scheme to public utility buses on petitioners’ source of livelihood, the promotion of the general welfare is of paramount importance. Hence, petitioners’ individual interests must be subordinated to the benefit of the greater number.⁹⁷

⁹³ Id. at 119–120.

⁹⁴ *Luque v. Villegas*, 141 Phil. 108–126 (1969) [Per J. Sanchez, En Banc].

⁹⁵ 70 Phil. 221 (1940) [Per J. Laurel, First Division].

⁹⁶ Id. at 233–234.

⁹⁷ *Legaspi v. Cebu City*, 723 Phil. 90 (2013) [Per J. Bersamin, En Banc]; and *Eastern Assurance & Surety Corp. v. LTFRB*, 459 Phil. 395 (2003) [Per J. Panganiban, Third Division].


The validity of an administrative regulation must be upheld even if it will have the effect of restricting the use of one's property, provided the means adopted are reasonably necessary for the accomplishment of the purpose desired, not unduly oppressive, and in the interest of the general public.⁹⁸

In *Bautista v. Juinio*,⁹⁹ this Court sustained a letter of instruction prohibiting heavy and extra-heavy private vehicles from using public streets on weekends and holidays. The police regulatory measure was found to be reasonable to address the problem of energy conservation, and not violative of the due process clause of the Constitution. However, this Court annulled as *ultra vires* the administrative regulation calling for the impounding of the offending vehicles, for being without statutory justification.

In *Mirasol v. Department of Public Works and Highways*,¹⁰⁰ this Court upheld the validity of Administrative Order No. 1 issued by the Department of Public Works and Communications. In rejecting petitioners' position that the prohibition on the use of motorcycles in toll ways unduly deprived them of their right to travel, this Court held that public interest and safety require the imposition of certain restrictions on toll ways. The right to travel does not mean the right to choose any vehicle in traversing a toll way. Since the mode by which petitioners wish to travel pertains to the manner of using the toll way, it can be validly limited by regulation.

In this case, petitioners failed to present a clear factual foundation to rebut the presumption of validity of the challenged issuances. The arbitrariness, oppressiveness and unreasonableness of the implementation of the issuances have not been sufficiently shown. The buses driven by petitioners have not been totally banned or prohibited from plying the Metro Manila roads. However, as in private vehicles, the operation of public utility buses in Metro Manila was merely regulated with a view to curb traffic congestion.

WHEREFORE, the Petition for Injunction is **DISMISSED**.


MARVIC M.V.F LEONEN
Associate Justice

⁹⁸ See *Mirasol v. Department of Public Works and Highways*, 523 Phil. 713 (2006) [Per J. Carpio, En Banc]; and *U.S. v. Toribio*, 15 Phil. 85 (1910) [Per J. Carson, First Division].

⁹⁹ 212 Phil. 307 (1984) [Per J. Fernando, En Banc].

¹⁰⁰ 523 Phil. 713 (2006) [Per J. Carpio, En Banc].

WE CONCUR:

DIOSDADO M. PERALTA
Chief Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

ALEXANDER G. GESMUNDO
Associate Justice

RAMON PAUL L. HERNANDO
Associate Justice

ROSMARI D. CARANDANG
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

MARIO W. LOPEZ
Associate Justice

EDGARDO L. DELOS SANTOS
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

RICARDO R. ROSARIO
Associate Justice

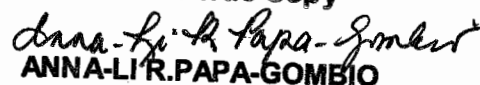
CERTIFICATION

I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the court.



DIOSDADO M. PERALTA
Chief Justice

Certified True Copy



ANNA-LI R. PAPA-GOMBIO

Deputy Clerk of Court En Banc
OCC En Banc, Supreme Court