

EN BANC

[G.R. No. 122846, January 20, 2009]

**WHITE LIGHT CORPORATION, TITANIUM CORPORATION AND
STA. MESA TOURIST & DEVELOPMENT CORPORATION,
PETITIONERS, VS. CITY OF MANILA, REPRESENTED BY MAYOR
ALFREDO S. LIM, RESPONDENT.**

DECISION

TINGA, J.:

With another city ordinance of Manila also principally involving the tourist district as subject, the Court is confronted anew with the incessant clash between government power and individual liberty in tandem with the archetypal tension between law and morality.

In *City of Manila v. Laguio, Jr.*,^[1] the Court affirmed the nullification of a city ordinance barring the operation of motels and inns, among other establishments, within the Ermita-Malate area. The petition at bar assails a similarly-motivated city ordinance that prohibits those same establishments from offering short-time admission, as well as pro-rated or "wash up" rates for such abbreviated stays. Our earlier decision tested the city ordinance against our sacred constitutional rights to liberty, due process and equal protection of law. The same parameters apply to the present petition.

This Petition^[2] under Rule 45 of the Revised Rules on Civil Procedure, which seeks the reversal of the Decision^[3] in C.A.-G.R. S.P. No. 33316 of the Court of Appeals, challenges the validity of Manila City Ordinance No. 7774 entitled, "An Ordinance Prohibiting Short-Time Admission, Short-Time Admission Rates, and Wash-Up Rate Schemes in Hotels, Motels, Inns, Lodging Houses, Pension Houses, and Similar Establishments in the City of Manila" (the Ordinance).

I.

The facts are as follows:

On December 3, 1992, City Mayor Alfredo S. Lim (Mayor Lim) signed into law the Ordinance.^[4] The Ordinance is reproduced in full, hereunder:

SECTION 1. Declaration of Policy. It is hereby the declared policy of the City Government to protect the best interest, health and welfare, and the morality of its constituents in general and the youth in particular.

SEC. 2. Title. This ordinance shall be known as "An Ordinance" prohibiting short time admission in hotels, motels, lodging houses, pension houses and similar establishments in the City of Manila.

SEC. 3. Pursuant to the above policy, short-time admission and rate [*sic*], wash-up rate or other similarly concocted terms, are hereby prohibited in hotels, motels, inns, lodging houses, pension houses and similar establishments in the City of Manila.

SEC. 4. Definition of Term[s]. Short-time admission shall mean admittance and charging of room rate for less than twelve (12) hours at any given time or the renting out of rooms more than twice a day or any other term that may be concocted by owners or managers of said establishments but would mean the same or would bear the same meaning.

SEC. 5. Penalty Clause. Any person or corporation who shall violate any provision of this ordinance shall upon conviction thereof be punished by a fine of Five Thousand (P5,000.00) Pesos or imprisonment for a period of not exceeding one (1) year or both such fine and imprisonment at the discretion of the court; Provided, That in case of [a] juridical person, the president, the manager, or the persons in charge of the operation thereof shall be liable: Provided, further, That in case of subsequent conviction for the same offense, the business license of the guilty party shall automatically be cancelled.

SEC. 6. Repealing Clause. Any or all provisions of City ordinances not consistent with or contrary to this measure or any portion hereof are hereby deemed repealed.

SEC. 7. Effectivity. This ordinance shall take effect immediately upon approval.

Enacted by the city Council of Manila at its regular session today, November 10, 1992.

Approved by His Honor, the Mayor on December 3, 1992.

On December 15, 1992, the Malate Tourist and Development Corporation (MTDC) filed a complaint for declaratory relief with prayer for a writ of preliminary injunction and/or temporary restraining order (TRO)^[5] with the Regional Trial Court (RTC) of Manila, Branch 9 impleading as defendant, herein respondent City of Manila (the City) represented by Mayor Lim.^[6] MTDC prayed that the Ordinance, insofar as it includes motels and inns as among its prohibited establishments, be declared invalid and unconstitutional. MTDC claimed that as owner and operator of the Victoria Court in Malate, Manila it was authorized by Presidential Decree (P.D.) No. 259 to admit customers on a short time basis as well as to charge customers wash up rates for stays of only three hours.

On December 21, 1992, petitioners White Light Corporation (WLC), Titanium Corporation (TC) and Sta. Mesa Tourist and Development Corporation (STDC) filed a motion to intervene and to admit attached complaint-in-intervention^[7] on the ground that the Ordinance directly affects their business interests as operators of drive-in-hotels and motels in Manila.^[8] The three companies are components of the

Anito Group of Companies which owns and operates several hotels and motels in Metro Manila.^[9]

On December 23, 1992, the RTC granted the motion to intervene.^[10] The RTC also notified the Solicitor General of the proceedings pursuant to then Rule 64, Section 4 of the Rules of Court. On the same date, MTDC moved to withdraw as plaintiff.^[11]

On December 28, 1992, the RTC granted MTDC's motion to withdraw.^[12] The RTC issued a TRO on January 14, 1993, directing the City to cease and desist from enforcing the Ordinance.^[13] The City filed an Answer dated January 22, 1993 alleging that the Ordinance is a legitimate exercise of police power.^[14]

On February 8, 1993, the RTC issued a writ of preliminary injunction ordering the city to desist from the enforcement of the Ordinance.^[15] A month later, on March 8, 1993, the Solicitor General filed his Comment arguing that the Ordinance is constitutional.

During the pre-trial conference, the WLC, TC and STDC agreed to submit the case for decision without trial as the case involved a purely legal question.^[16] On October 20, 1993, the RTC rendered a decision declaring the Ordinance null and void. The dispositive portion of the decision reads:

WHEREFORE, in view of all the foregoing, [O]rdinance No. 7774 of the City of Manila is hereby declared null and void.

Accordingly, the preliminary injunction heretofor issued is hereby made permanent.

SO ORDERED.^[17]

The RTC noted that the ordinance "strikes at the personal liberty of the individual guaranteed and jealously guarded by the Constitution."^[18] Reference was made to the provisions of the Constitution encouraging private enterprises and the incentive to needed investment, as well as the right to operate economic enterprises. Finally, from the observation that the illicit relationships the Ordinance sought to dissuade could nonetheless be consummated by simply paying for a 12-hour stay, the RTC likened the law to the ordinance annulled in *Ynot v. Intermediate Appellate Court*,^[19] where the legitimate purpose of preventing indiscriminate slaughter of carabaos was sought to be effected through an inter-province ban on the transport of carabaos and carabeef.

The City later filed a petition for review on *certiorari* with the Supreme Court.^[20] The petition was docketed as G.R. No. 112471. However in a resolution dated January 26, 1994, the Court treated the petition as a petition for *certiorari* and referred the petition to the Court of Appeals.^[21]

Before the Court of Appeals, the City asserted that the Ordinance is a valid exercise of police power pursuant to Section 458 (4)(iv) of the Local Government Code which confers on cities, among other local government units, the power:

[To] regulate the establishment, operation and maintenance of cafes, restaurants, beerhouses, hotels, motels, inns, pension houses, lodging houses and other similar establishments, including tourist guides and transports.^[22]

The Ordinance, it is argued, is also a valid exercise of the power of the City under Article III, Section 18(kk) of the Revised Manila Charter, thus:

"to enact all ordinances it may deem necessary and proper for the sanitation and safety, the furtherance of the prosperity and the promotion of the morality, peace, good order, comfort, convenience and general welfare of the city and its inhabitants, and such others as be necessary to carry into effect and discharge the powers and duties conferred by this Chapter; and to fix penalties for the violation of ordinances which shall not exceed two hundred pesos fine or six months imprisonment, or both such fine and imprisonment for a single offense.

^[23]

Petitioners argued that the Ordinance is unconstitutional and void since it violates the right to privacy and the freedom of movement; it is an invalid exercise of police power; and it is an unreasonable and oppressive interference in their business.

The Court of Appeals reversed the decision of the RTC and affirmed the constitutionality of the Ordinance.^[24] First, it held that the Ordinance did not violate the right to privacy or the freedom of movement, as it only penalizes the owners or operators of establishments that admit individuals for short time stays. Second, the virtually limitless reach of police power is only constrained by having a lawful object obtained through a lawful method. The lawful objective of the Ordinance is satisfied since it aims to curb immoral activities. There is a lawful method since the establishments are still allowed to operate. Third, the adverse effect on the establishments is justified by the well-being of its constituents in general. Finally, as held in *Ermita-Malate Motel Operators Association v. City Mayor of Manila*, liberty is regulated by law.

TC, WLC and STDC come to this Court via petition for review on *certiorari*.^[25] In their petition and Memorandum, petitioners in essence repeat the assertions they made before the Court of Appeals. They contend that the assailed Ordinance is an invalid exercise of police power.

II.

We must address the threshold issue of petitioners' standing. Petitioners allege that as owners of establishments offering "wash-up" rates, their business is being unlawfully interfered with by the Ordinance. However, petitioners also allege that the equal protection rights of their clients are also being interfered with. Thus, the crux of the matter is whether or not these establishments have the requisite standing to plead for protection of their patrons' equal protection rights.

Standing or *locus standi* is the ability of a party to demonstrate to the court sufficient connection to and harm from the law or action challenged to support that party's participation in the case. More importantly, the doctrine of standing is built on the principle of separation of powers,^[26] sparing as it does unnecessary

interference or invalidation by the judicial branch of the actions rendered by its co-equal branches of government.

The requirement of standing is a core component of the judicial system derived directly from the Constitution.^[27] The constitutional component of standing doctrine incorporates concepts which concededly are not susceptible of precise definition.^[28] In this jurisdiction, the extantcy of "a direct and personal interest" presents the most obvious cause, as well as the standard test for a petitioner's standing.^[29] In a similar vein, the United States Supreme Court reviewed and elaborated on the meaning of the three constitutional standing requirements of injury, causation, and redressability in *Allen v. Wright*.^[30]

Nonetheless, the general rules on standing admit of several exceptions such as the overbreadth doctrine, taxpayer suits, third party standing and, especially in the Philippines, the doctrine of transcendental importance.^[31]

For this particular set of facts, the concept of third party standing as an exception and the overbreadth doctrine are appropriate. In *Powers v. Ohio*,^[32] the United States Supreme Court wrote that: "We have recognized the right of litigants to bring actions on behalf of third parties, provided three important criteria are satisfied: the litigant must have suffered an 'injury-in-fact,' thus giving him or her a "sufficiently concrete interest" in the outcome of the issue in dispute; the litigant must have a close relation to the third party; and there must exist some hindrance to the third party's ability to protect his or her own interests."^[33] Herein, it is clear that the business interests of the petitioners are likewise injured by the Ordinance. They rely on the patronage of their customers for their continued viability which appears to be threatened by the enforcement of the Ordinance. The relative silence in constitutional litigation of such special interest groups in our nation such as the American Civil Liberties Union in the United States may also be construed as a hindrance for customers to bring suit.^[34]

American jurisprudence is replete with examples where parties-in-interest were allowed standing to advocate or invoke the fundamental due process or equal protection claims of other persons or classes of persons injured by state action. In *Griswold v. Connecticut*,^[35] the United States Supreme Court held that physicians had standing to challenge a reproductive health statute that would penalize them as accessories as well as to plead the constitutional protections available to their patients. The Court held that:

"The rights of husband and wife, pressed here, are likely to be diluted or adversely affected unless those rights are considered in a suit involving those who have this kind of confidential relation to them."^[36]

An even more analogous example may be found in *Craig v. Boren*,^[37] wherein the United States Supreme Court held that a licensed beverage vendor has standing to raise the equal protection claim of a male customer challenging a statutory scheme prohibiting the sale of beer to males under the age of 21 and to females under the age of 18. The United States High Court explained that the vendors had standing "by acting as advocates of the rights of third parties who seek access to their market or function."^[38]