

FIRST DIVISION

[G.R. No. 157581, December 01, 2004]

**MANILA INTERNATIONAL AIRPORT AUTHORITY, PETITIONER,
VS. AIRSPAN CORPORATION, LBC EXPRESS INC., A. SORIANO
AVIATION, INC., FLYING MEDICAL SAMARITANS, INC., ABOITIZ
AIR TRANSPORT CORP., ASIA AIRCRAFT OVERSEAS PHILS.,
INC., ASIAN AEROSPACE CORP., PACIFIC JET MAINTENANCE
SERVICES, INC., GENERAL AVIATION SUPPLIES TRADING, INC.,
AIRWORKS AVIATION CORP., FEDERATION OF AVIATION
ORGANIZATIONS OF THE PHILS., INC., SUBIC INTERNATIONAL
AIR CHARTER, INC., NORMAL HOLDINGS AND DEVELOPMENT
CORPORATION AND COLUMBIAN MOTOR SALES CORPORATION,
RESPONDENTS.**

DECISION

QUISUMBING, J.:

For review on certiorari is the **Decision**,^[1] dated February 17, 2003, of the Regional Trial Court of Makati City, Branch 58, in Civil Case No. 99-1293. The said **Decision** nullified herein petitioner's Resolutions Nos. 98-30 and 99-11 for want of notice and public hearing.

The undisputed facts are as follows:

Petitioner Manila International Airport Authority (MIAA) is a government-owned and controlled corporation created on March 4, 1982, by Executive Order No. 778. It owns, operates, and manages the Ninoy Aquino International Airport (NAIA). Petitioner's properties, facilities, and services are available for public use subject to such fees, charges, and rates as may be fixed in accordance with law. Herein respondents are the users, lessees and occupants of petitioner's properties, facilities, and services.

The schedule of aggregate dues collectible for the use of petitioner's properties, facilities, and services are divided into: (1) aeronautical fees; (2) rentals; (3) business concessions; (4) other airport fees and charges; and (5) utilities.^[2]

On May 19, 1997, petitioner issued Resolution No. 97-51^[3] announcing an *increase* in the rentals of its terminal buildings, VIP lounge, other airport buildings and land, as well as check-in and concessions counters. Business concessions, particularly concessionaire privilege fees, were also increased.

On April 2, 1998, petitioner passed Resolution No. 98-30^[4] adopting twenty percent (20%) of the increase recommended by *Punongbayan and Araullo*,^[5] to take effect immediately on June 1, 1998. Thus, petitioner issued the corresponding

Administrative Order No. 1, Series of 1998 to reflect the new schedule of fees, charges, and rates.^[6]

On February 5, 1999, petitioner issued Resolution No. 99-11,^[7] which further increased the other airport fees and charges, specifically for parking and portorage services, and the rentals for hangars. Accordingly, petitioner amended Administrative Order No. 1, Series of 1998.^[8]

Respondents requested that the implementation of the new fees, charges, and rates be deferred due to lack of prior notice and hearing.^[9] The request was denied. Petitioner likewise refused to renew the identification cards of respondents' personnel, and vehicle stickers to prevent entry to the premises.

Hence, some of the respondents herein filed with the Regional Trial Court of Makati City, Branch 58, a **Complaint^[10] for Injunction with Application for a Writ of Preliminary Injunction and/or Temporary Restraining Order**, docketed as Civil Case No. 99-1293.

After due hearing, the RTC issued a Writ of Preliminary Injunction in its Order of August 18, 1999, to wit:

WHEREFORE, upon posting by plaintiffs of a bond in the amount of P1,000,000.00 each, let a writ of preliminary injunction issue enjoining defendant NAIA, its officers, employees, agents, assigns, and those acting on their behalf from denying or preventing entry or access to the NAIA premises, including the General Aviation Area, of plaintiffs Airspan Corp.'s, LBC Express, Inc.'s, and General Aviation Supplies Trading Inc.'s respective officers and employees, until further orders from this Court.

Accordingly, the hearing of the main case for Injunction is hereby set on September 02, 1999, at 8:30...in the morning.

SO ORDERED.^[11]

A **Complaint-In-Intervention^[12]** was filed by Subic International Air Charter, Inc., Normal Holdings & Development Corp., and Columbian Motor Sales Corp. The RTC found that the intervenors were likewise entitled to the preliminary relief as the continuation of petitioner's acts would cause them irreparable damage and injury. Thus, in its **Order** dated August 31, 2001, the RTC decreed:

ACCORDINGLY, this Temporary Restraining Order (TRO) is heretofore issued effective only for a period of twenty (20) days from service upon defendant MIAA enjoining said defendant, its assigns, agents and all persons acting on its behalf from and or denying entry of plaintiffs-intervenors to its facilities and premises, from ejecting plaintiffs-intervenors from the leased premises and from doing, attempting or threatening to do such acts, things or deeds which may affect, hinder or impede in any manner whatsoever the business of plaintiffs-intervenors in the leased premises.

Pursuant to Rule 58 of the 1997 Rules of Civil Procedure, defendant MIAA

is hereby ordered to show cause, on September 05, 2001 at 1:30...in the afternoon, why the injunction plaintiffs-intervenors pray for should not be granted.

. . .

SO ORDERED.^[13]

On February 17, 2003, after due hearing, the RTC rendered a summary judgment on the **Complaint for Injunction**. The decretal part of its Decision reads:

WHEREFORE, judgment is hereby rendered NULLIFYING MIAA's resolutions Nos. 98-30 and 99-11 as well as their accompanying administrative orders for want of the required notice and public hearing. Defendant Agency is permanently enjoined from collecting the increases found therein and is ordered to refund to plaintiffs herein all amounts paid pursuant to the implementation of the assailed resolutions.

SO ORDERED.^[14]

The said **Decision** is the subject of the instant petition raising the following issues for our resolution:

I

WHETHER OR NOT PRIOR NOTICE AND CONDUCT OF PUBLIC HEARING ARE REQUIRED BEFORE PETITIONER CAN INCREASE ITS RATES AND CHARGES FOR THE USE OF ITS FACILITIES

II

WHETHER OR NOT THE INCREASES BROUGHT ABOUT BY PETITIONER'S RESOLUTIONS AND ADMINISTRATIVE ORDERS ARE FAIR AND REASONABLE^[15]

Anent the *first* issue, petitioner contends that its charter authorizes it to increase its fees, charges, and rates without need of public hearing. It maintains that its service is not a public utility where fees, charges, and rates are subject to state regulation. Petitioner insists its fees, charges, and rates are contractual in nature such that if respondents are not amenable to any increase, they are free to terminate the lease. Petitioner further argues that the charter which created it, being a special law, prevails over the Public Service Act and the Administrative Code, which are laws of general application.

However, respondents counter that petitioner comes within the purview of the Administrative Code as an attached agency of the Department of Transportation and Communications (DOTC) and that in case of conflict with the charter of an attached agency, the Administrative Code prevails. Respondents insist that petitioner can only recommend a possible increase, but the same must first be approved by the head of the DOTC.^[16]

On the *second* issue, petitioner claims that its charter authorizes it to increase its