



Republic of the Philippines
Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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THIRD DIVISION

**THE PHILIPPINE RACING
 COMMISSION and THE GAMES
 AND AMUSEMENTS BOARD,**
Petitioners,

G.R. No. 228505

Present:

LEONEN, J.,
 Chairperson,
 HERNANDO,*
 INTING,
 DELOS SANTOS, and
 LOPEZ, J., JJ.

- versus -

Promulgated:

MANILA JOCKEY CLUB, INC.,
Respondent.

June 16, 2021

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DECISION

DELOS SANTOS, J.:

Assailed before the Court, through a Petition for Review on *Certiorari*,¹ are the July 27, 2016 Order² of the Regional Trial Court (RTC) of Bacoor, Cavite, Branch 19, that granted the April 5, 2016 Motion for Summary Judgment filed by respondent Manila Jockey Club, Inc. (MJCI) and the November 22, 2016 Order³ denying the Motion for Reconsideration of petitioners Philippine Racing Commission (PHILRACOM) and Games and Amusement Board (GAB).

* On official leave.

¹ *Rollo*, pp. 115-145.

² *Id.* at 152-161; penned by Presiding Judge Matias M. Garcia, II.

³ *Id.* at 161.

The Antecedents

MJCI, incorporated in 1939, is a corporation whose primary purpose is the construction and development of horse race tracks and the handling of horse racing.⁴ Pursuant to its primary purpose, it was granted a franchise under Republic Act No. (R.A.) 6631.⁵

On the other hand, PHILRACOM, established through Presidential Decree No. (P.D.) 420 on March 20, 1974, was vested with exclusive jurisdiction and control over every aspect of the conduct of horse racing, including the framing and scheduling of races, the construction and safety of race tracks, the allocation of prizes, and the security of racing, to wit:

SECTION 8. *Jurisdictions, Powers and Functions.* — Generally, the Commission shall have exclusive jurisdiction and control over every aspect of the conduct of horse-racing, including the framing and scheduling of races, the construction and safety of race tracks, the allocation of prizes, and the security of racing.

The functions of the Games and Amusements Board with respect to horse-racing, except those related to the supervision and regulation of betting in horse-racing as provided for in Sections 6, 11, 15, 18 and 24 of Republic Act 309, as amended, are hereby transferred to the Commission.⁶

PHILRACOM's specific powers are enumerated in Section 9 of P.D. 420, to wit:

- (a) To enforce all laws, decrees and executive orders relating to horse-racing that are not expressly or impliedly repealed or modified by this Decree, including all such existing rules and regulations until otherwise modified or amended by the Commission;
- (b) To prescribe additional rules and regulations not otherwise inconsistent with this Decree;
- (c) To register race horses, horse owners or associations or federations thereof; and to regulate the construction of the race tracks and to grant permit for the holding of races;
- (d) To issue, suspend or revoke permits and licenses and to impose or collect fees for the issuance of such licenses and permits to persons required to obtain the same;

⁴ Id. at 194.

⁵ AN ACT GRANTING MANILA JOCKEY CLUB, INC., A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACE TRACK FOR HORSE RACING IN THE CITY OF MANILA OR IN THE PROVINCE OF BULACAN, October 23, 1972.

⁶ *Rollo*, p. 118.

- (e) To review, modify, approve or disapprove the rules and regulations issued by any person or entity concerning the conduct of horse races held by them;
- (f) To supervise all such race meetings to assure integrity at all times. It can order the suspension of any racing event in case of violation of any law, ordinance or rules and regulations;
- (g) To prohibit the use of improper devices, drugs, stimulants or other means to enhance or diminish the speed of horses or materially harm their condition;
- (h) To approve the annual budget of the Commission and such supplemental budgets as may be necessary;
- (i) To appoint all personnel, including an Executive Director of the Commission as it may deem necessary in the exercise and performance of its powers and duties; and
- (j) To enter into contracts involving obligations chargeable to or against the funds of the Commission.⁷

PHILRACOM's other powers and responsibilities are mentioned in Section 10 of P.D. 420, to wit:

- (a) The Commission may impose fines, penalties and forfeitures to erring parties under the rules and regulations of the Commission, which fines, penalties and forfeitures shall accrue to the funds of the Commission;
- (b) The Commission may, in its discretion or upon petition of any interested party, after notice and hearing, modify, suspend or revoke any permit or license for failure to comply with and/or for violation of any provision of law or any order, rules or regulations issued thereunder: *Provided*, That the Commission may for good cause and without notice and hearing, order the temporary suspension of such permit/license whenever such step, in the judgment of the Commission, shall be necessary and for the best interest of racing;
- (c) Except in cases where summary actions are taken, in the settlement of dispute and other problems connected with the conduct of horse-racing, the Commission shall act as a body and all hearings and investigations before it shall be governed by the rules of procedures as may be adopted by it: *Provided*, That orders, rulings and decisions may be appealed to the President of the Philippines within seventy-two hours from receipt of such orders, rulings and decisions;
- (d) For the purpose of carrying out the provisions of this Decree, the Commission may summon parties, issue subpoena or require the production of such books, papers, contracts, records, or statement

⁷ Id. at 118-119.

of accounts as may be material to a just determination of any matter under investigation. The Commission may designate any of its members or officers to conduct hearings and investigations on any matter pending before it; and

- (e) The Commission shall perform such other duties and exercise all other powers incidental or necessary to the accomplishment of the aims and objectives of the Commission.⁸

On November 23, 1997, R.A. 8407 extended the term of MJCI's franchise for another 25 years, or until 2022. The total wager funds or gross receipts from the sale of betting tickets issued by MJCI are apportioned as follows under Section 8 of R.A. 8407:

SEC. 8. *Distribution of Total Wager Funds or Gross Receipts.* — The total wager funds or gross receipts from the sale of betting tickets will be apportioned as follows:

(a) Eighty-two percent (82%) shall be distributed in the form of dividends among the holders of winning tickets whether from *parimutuel* daily double, forecast, *llave*, *quenella*, *trifecta*, or any other manner of betting;

(b) Eight and one-half percent (8 1/2%) shall be retained by the grantee as its commission/fee for conducting the horse races;

(c) Eight and one-half percent (8 1/2%) shall be set aside for the payment of stakes or prizes of win, place and show horses and authorized bonus for jockeys;

(d) One percent (1%) shall be set aside for the use of the Philippine Racing Commission: *Provided*, That in the case of gross receipts derived from the total sale of *parimutuel* races, the one percent (1%) government share shall be set aside for use of the Games and Amusement Board, to be shared equally with the Jockeys and Horse Trainers Injury, Disability and Death Compensation Fund created under Republic Act No. 309, as amended.⁹

Correspondingly, the funds to be remitted to PHILRACOM, GAB, and to the other government agencies are specifically enumerated in MCJI's franchise.¹⁰

In the horse races conducted by MJCI, dividends from the winning tickets should be claimed by holders within 30 days from their date of purchase. Otherwise, the same shall be forfeited in favor of MJCI as unclaimed dividends. This statement can be found in the dorsal portion of the ticket, which reads:

⁸ Id. at 119-120.

⁹ Id. at 121.

¹⁰ Id. at 201.

Winning tickets must be claimed within thirty (30) days from date of purchase. Otherwise, prize thereof shall be forfeited in favor of the Corporation.¹¹

It is MJCI's position that since the unclaimed dividends are not included in the amounts due to the government under MJCI's franchise and other laws regulating horse racing, these amounts are necessarily private funds, which belong to MJCI.¹²

PHILRACOM has a contrary stance. It issued its Rules and Regulations on Horse Racing, claiming control over the disposition of unclaimed dividends under PR 58-D pursuant to its rule-making power under Section 8 and Section 9(b) of P.D. 420.¹³ Thereafter, it issued Resolution No. 38-12, making the determination of the disposition of unclaimed dividends under PR 58-D participatory. The said provision currently reads as follows after undergoing several amendments:

PR 58-D. *Dividends and Refunds.* —

All dividends from winning tickets shall be paid to the holder thereof on the same day of the event/s concerned. Those unclaimed on the same day may be collected from the Racing Club within the next Twenty (20) working days. Thereafter, the Commission, on its own initiative and discretion or upon the recommendation of the recognized sectors of the industry, shall determine the use of unclaimed dividends in the furtherance of the declared policy to promote and direct the accelerated development and continued growth of horse racing not only in pursuance of sports development program but also in order to insure the full exploitation of the sport as a source revenue and employment, and/or for the benefit of a charitable institution. That the use of and allocation of the unclaimed dividends shall be based on the following proportion:

- 40% shall be used to augment prize money for horses
- 30% shall be used for marketing and promotion of the horseracing industry
- 30% shall be used for charitable purposes in the name of the PHILRACOM

Furthermore, that at the start of the fiscal year, the Racing Club shall make a monthly report to the PHILRACOM as to the amount of unclaimed dividends and interests thereof, which shall be the basis of the determination prescribed above.¹⁴

Because of the dispute as to the proper party entitled to the unclaimed dividends, MJCI filed a *Petition for Declaratory Relief*¹⁵ with the RTC in

¹¹ Id. at 121-122.

¹² Id. at 366-367.

¹³ Id. at 159.

¹⁴ Id. at 190.

¹⁵ Id. at 193-213.

Bacoor, Cavite on November 7, 2013, asserting that PHILRACOM does not have the legal authority to dispose of unclaimed dividends from winning tickets.¹⁶ Subsequently, petitioners filed their joint *Comment*,¹⁷ to which MJCI filed a *Reply*.¹⁸

On April 5, 2016, alleging that there was no question of fact but only a question of law, MJCI filed a Motion for Summary Judgment.¹⁹ It sought a declaration from the court that unclaimed dividends from winning tickets within the required period by the holders thereof are private funds based on its franchise and other laws regulating horse racing, which expressly exclude unclaimed dividends as part of the funds to be remitted to the PHILRACOM, the GAB, and other government agency and instrumentality.

An *Ad Cautelam Comment*²⁰ was thereafter filed by the petitioners where they alleged that summary judgment is not proper because there is a genuine issue of fact in the case. This alleged question of fact pertains to whether MJCI violated PR 58-D and Resolution No. 38-12 of PHILRACOM by arrogating the unclaimed dividends from winning tickets to itself. Considering this alleged violation, petitioners contended that the remedy of declaratory relief is not available.²¹

RTC Ruling

On July 27, 2016, the court *a quo* issued the first assailed Order,²² the dispositive portion of which reads:

WHEREFORE, premises considered, Motion for Summary Judgment filed by petitioner is hereby GRANTED.

PR 58-D and Resolution No. 38-12 Series of 2012 issued by respondent PHILRACOM are VOID for being contrary to law. Hence the unclaimed dividends and/or winnings within thirty days are the private funds of Petitioner.²³

Petitioners filed their *Motion for Reconsideration*²⁴ but was denied for lack of merit in the second assailed Order dated November 22, 2016.²⁵

¹⁶ Id. at 204-205.

¹⁷ Id. at 220-240.

¹⁸ Id. at 241-252.

¹⁹ Id. at 253-275.

²⁰ Id. at 309-325.

²¹ Id. at 312-314.

²² Id. at 153-161.

²³ Id. at 161.

²⁴ Id. at 163-173.

²⁵ Id. at 162.

Hence, the instant petition was filed.

In this case, petitioners argue that the RTC committed a reversible error when it ruled that the disposition of unclaimed dividends is beyond the rule-making power of PHILRACOM on the sole ground that MJCI's franchise is silent on the matter regarding the apportionment of unclaimed winnings and/or dividends. Petitioners posit that it is not proper to solely focus on MJCI's franchise for basis. According to PHILRACOM, paragraph 1, Section 8 of P.D. 420 provides the basis of its rule-making power regarding the disposition of unclaimed dividends, where part of its powers is its exclusive jurisdiction and control over every aspect of the conduct of horse racing.²⁶

Moreover, paragraph 2, Section 8 of P.D. 420 states that all the powers of the GAB with respect to horse racing except those related to the supervision and regulation of horse racing betting as provided for in Sections 6, 11, 15, 18 and 24 of R.A. 309, as amended, are transferred to PHILRACOM. None of the cited provisions includes the regulation of the disposition of prizes and winnings, including unclaimed dividends from winning tickets. Under Section 7 of Executive Order No. 392, GAB was given all the powers originally within the jurisdiction of the Commission on Races under R.A. 309, including the power to prescribe the rules and regulations to govern "the operation of race-tracks and the conduct of horse racing."²⁷

By necessary implication, petitioners aver that the regulatory power over such disposition, including the disposition of unclaimed dividends, is vested in it pursuant to the catch-all proviso of Section 8 of P.D. 420.²⁸

Additionally, petitioners aver that the condition imposed by MJCI on its tickets, that winning tickets not claimed within 30 days will be forfeited in its favor, is void for being contrary to law and public policy under the administrative issuances of PHILRACOM.²⁹ They also point as an error the granting of summary judgment in favor of MJCI in the declaratory relief proceedings because the questioned issuance had already been violated before the case was filed.³⁰

A Comment³¹ dated May 23, 2017 was filed by MJCI and a Reply dated October 25, 2017 by petitioners as response.

²⁶ Id. at 128.

²⁷ Id. at 128-130.

²⁸ Id. at 130.

²⁹ Id. at 135-137.

³⁰ Id. at 141-142.

³¹ Id. at 341-379.

The Issues

Petitioners anchor their prayer for the reversal of the July 27, 2016 Order of the RTC of Bacoor, Cavite, Branch 19 in BSC-2013-15 and the November 22, 2016 Order denying petitioners' Motion for Reconsideration based on the following issues:

- A. The court *a quo* committed reversible error when it granted summary judgment in favor of MJCI in the declaratory relief proceedings below.
- B. The court *a quo* committed reversible error when it ruled that the disposition of MJCI's unclaimed dividends is outside the rule-making power of petitioner PHILRACOM on the sole ground that MJCI's franchise is silent thereon.
- C. The condition imposed by MJCI on its tickets, that winning tickets not claimed within 30 days will be forfeited in its favor, is void for being contrary to law and public policy.³²

The Court's Ruling

The Court finds no merit in the petition.

Firstly, as to the procedural issue, We rule that summary judgment is proper in the instant case given that there are no genuine issues left to be resolved by the court that requires a full-blown trial.

In *First Leverage and Services Group, Inc. v. Solid Builders, Inc.*,³³ the Court held:

Summary judgment is a procedural device resorted to in order to avoid long drawn out litigations and useless delays where the pleadings on file show that there are no genuine issues of fact to be tried. A "genuine issue" is such issue of fact which requires the presentation of evidence as distinguished from a sham, fictitious, contrived or false claim.³⁴

In *Calubaquib v. Republic*,³⁵ the Court explained how trial courts may determine genuine issues in this manner:

³² Id. at 124.

³³ 690 Phil. 1 (2012).

³⁴ Id. at 13.

³⁵ 667 Phil. 653 (2011).

“A summary judgment is permitted only if there is no genuine issue as to any material fact and [the] moving party is entitled to a judgment as a matter of law.” The test of the propriety of rendering summary judgments is the existence of a genuine issue of fact, “as distinguished from a sham, fictitious, contrived or false claim.” “[A] factual issue raised by a party is considered as sham when by its nature it is evident that it cannot be proven or it is such that the party tendering the same has neither any sincere intention nor adequate evidence to prove it. This usually happens in denials made by defendants merely for the sake of having an issue and thereby gaining delay, taking advantage of the fact that their answers are not under oath anyway.”

In determining the genuineness of the issues, and hence the propriety of rendering a summary judgment, **the court is obliged to carefully study and appraise, not the tenor or contents of the pleadings, but the facts alleged under oath by the parties and/or their witnesses in the affidavits that they submitted with the motion and the corresponding opposition.** Thus, it is held that, even if the pleadings on their face appear to raise issues, a summary judgment is proper so long as “the affidavits, depositions, and admissions presented by the moving party show that such issues are not genuine.”³⁶ (Emphasis supplied; citations omitted)

Additionally, in order for summary judgment to be granted in lieu of a full-blown trial, the party moving for summary judgment must establish unequivocally the absence of genuine issues of fact or that the issue posed is so patently insubstantial as to constitute a genuine issue.³⁷

Here, We concur with the ruling of the RTC that there is no genuine issue in the case at bar.

MJCI asserts that there is no law authorizing petitioners to regulate the disposition of unclaimed dividends by invoking its franchise and other laws regulating horse racing. The said laws notably exclude unclaimed dividends from the funds to be remitted by MJCI to the petitioners and any other government agency or instrumentality.³⁸

In contrast, PHILRACOM asserts that under the terms of its charter, it has the authority to enact rules and regulations governing the disposition of unclaimed dividends.³⁹

³⁶ Id. at 662-663.

³⁷ *Globe Asiatique Realty Holdings Corp. v. Union Bank of the Philippines*, G.R. No. 229339, July 29, 2019.

³⁸ *Rollo*, p. 363.

³⁹ Id. at 357.

In short, the issues in this case are entirely legal in nature. They only require the application and interpretation of legal principles, rather than the examination of contending factual claims.

Furthermore, it is the contention of the petitioners that summary judgment is not proper because there was already a breach made by MJCI to PR 58-D and Resolution 38-12 when the latter failed to remit the unclaimed dividends to petitioners. And since there was already an alleged breach made by MJCI, the declaratory relief is therefore unavailing.

This argument does not hold water. The propriety of the claim to the unclaimed dividends is precisely the issue to be threshed out by the filing of MJCI's Petition for Declaratory Relief. Hence, MJCI's act of forfeiting the unclaimed dividends in its favor instead of remitting the same to PHILRACOM is expected and no breach can be attributed to it until the issue between the parties are finally settled.

Now, we go to the substantive issue of the case, which is the validity of PR 58-D and Resolution No. 38-12 pursuant to PHILRACOM's rule making power.

Under R.A. 8407, MJCI is granted the right, privilege, and authority to construct one race track within the provinces of Bulacan, Cavite, or Rizal, establish such branches thereof for booking purposes anywhere in the country, hold or conduct horse races therein with bettings, and carry out all such acts, deeds, and things as may be necessary to give effect to the foregoing. Section 1 of R.A. 8407 reads:

SECTION 1. Republic Act No. 6631 is hereby amended to read as follows:

SEC. 1. *Nature and Scope of Franchise.* — Any provision of law to the contrary notwithstanding, there is hereby granted to Manila Jockey Club, Inc., a corporation duly organized and registered under the laws of the Philippines, hereinafter called the grantee or its assigns or its successors, for a period of twenty-five (25) years from the approval of this Act, the right, privilege and authority to construct, operate and maintain one racetrack in any place within the City of Manila or any place within the provinces of Bulacan, Cavite or Rizal, establish such branches thereof for booking purposes anywhere in the country, and hold or conduct horse races therein with bettings either directly or indirectly by means of mechanical, electric and/or computerized totalizator and to do and carry out all such acts, deeds and things as may be necessary to give effect to the foregoing: *Provided*, That in case of transfer of the racetrack from the City of Manila, such transfer shall be subject to the approval of the host province or city/municipality to where it would transfer, through a public hearing to be conducted by the local government unit concerned.

Under the next provision, it is stated that the races conducted by MJCI are to be supervised and regulated by the petitioners. Thus:

SEC. 2. Authority of the Philippine Racing Commission and the Games and Amusement Board. — The races to be conducted by the grantee shall be under the supervision and regulation of the Philippine Racing Commission, which shall enforce the laws, rules and regulations governing horse racing, including the framing and scheduling of races, the construction and safety of the racetrack, the allocation of prizes of winning horses, and the security of racing as provided in Presidential Decree No. 420, as amended: *Provided*, That the Games and Amusement Board shall continue to supervise and regulate betting in horse races as provided in Sections 6, 8, 11, 15 and 24 of Republic Act No. 309, as amended.


The foregoing provision specifically states that MJCI, while operating under its franchise, shall be supervised and regulated by PHILRACOM, which shall implement existing horse racing laws, rules, and regulations. Notably, PHILRACOM has no rule-making power under R.A. 8407.

Moreover, R.A. 8407 is clear regarding the distribution of gross receipts from betting tickets under Section 8 of the said law. Meanwhile, it is silent on the matter of unclaimed dividends, which is the main issue of this case.

PHILRACOM argues that it has the power to promulgate rules and regulations pursuant to the “catch-all provision” contained in Section 8 of P.D. 420. In essence, the said provision provides that PHILRACOM shall have jurisdiction and control over every aspect of the conduct of horse racing, including the framing and scheduling of races, the construction and safety of race tracks, the allocation of prizes, and the security of racing. Additionally, Section 9 provides for the specific powers of the commission. PHILRACOM alleges that because of the foregoing provisions, it has the power to issue rules and regulations. Consequently, it enacted PR 58-D, which was later on amended by Resolution No. 38-12 Series of 2012 to control the disposition of the unclaimed dividends.

R.A. 8407 is precise in terms of the monetary sums that petitioner is allowed by law to remit to different government agencies. As such, R.A. 8407 cannot be amended or its scope be enlarged to cover unclaimed dividends via promulgation of rules and regulations.

It is also established that rules and regulations, which are the product of a delegated 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.⁴⁰ 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.⁴¹

Here, R.A. 8407 does not provide for the distribution of unclaimed dividends. Moreover, the powers of PHILRACOM listed in P.D. 420 pertain only to the conduct of the races and not to any other aspect of MJCI's affairs. Hence, unclaimed dividends are not included in the funds to be remitted to PHILRACOM or any other government agency.

Anent the issue of the propriety of unclaimed dividends being the subject of a contract between the bettor and MJCI, we rule that such is a valid contract. A contract is the law between the parties. Hence, obligations arising from contracts have the force of law between the contracting parties and shall be complied with in good faith.⁴²

To recall, the notice at the dorsal portion of the betting ticket provides that a winning ticket must be claimed within 30 days from the date of purchase. Otherwise, the prize will be forfeited in favor of the Corporation. This condition may be imposed by MJCI pursuant to Section 7 of R.A. 8407 which reads:

Section 7. Terms of Betting Tickets – The grantee shall publish and display prominently and in appropriate places the terms and conditions regarding the sale of betting tickets.

Verily, the unclaimed dividends are prizes of winning tickets that belong to the winning bettors although not claimed. Being their property, it is their inherent right to dispose them in whatever manner, including forfeiting it, as long as it is not violative of any laws or is against public policy, which is the case here.


WHEREFORE, premises considered, the petition is **DENIED**. Accordingly, the July 27, 2016 Order of the Regional Trial Court of Bacoor, Cavite, Branch 19 in BSC-2013-15 and the November 22, 2016 Order denying petitioners' Motion for Reconsideration thereof are hereby **AFFIRMED in toto**.

⁴⁰ *Victorias Milling Co., Inc. v. Social Security Commission*, 114 Phil. 555, 558 (1962).

⁴¹ *The Conference of Maritime Manning Agencies, Inc. v. Philippine Overseas Employment Administration*, 313 Phil. 592, 606 (1995).


⁴² *Barrameda v. Atienza*, 421 Phil. 197, 210 (2001).

SO ORDERED.



EDGARDO L. DELOS SANTOS
Associate Justice

WE CONCUR:



MARVIC MARIO VICTOR F. LEONEN
Associate Justice
Chairperson

(On Official Leave)
RAMON PAUL L. HERNANDO
Associate Justice



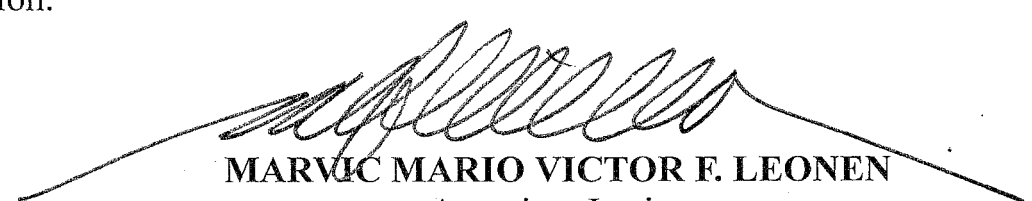
HENRI JEAN PAUL B. INTING
Associate Justice



JHOSEP LOPEZ
Associate Justice

ATTESTATION

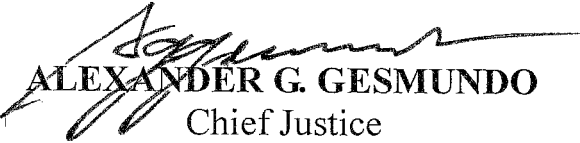
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC MARIO VICTOR F. LEONEN
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, 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's Division.



ALEXANDER G. GESMUNDO
Chief Justice