

## SECOND DIVISION

[ G.R. NO. 177333, April 24, 2009 ]

**PHILIPPINE AMUSEMENT AND GAMING CORPORATION  
(PAGCOR) REPRESENTED BY ATTY. CARLOS R. BAUTISTA, JR.,  
PETITIONER, VS. PHILIPPINE GAMING JURISDICTION  
INCORPORATED (PEJI), ZAMBOANGA CITY SPECIAL ECONOMIC  
ZONE AUTHORITY, ET AL., RESPONDENT.**

### D E C I S I O N

**CARPIO MORALES, J.:**

Before the Court is a petition for Prohibition.

Republic Act No. 7903 (R.A. No. 7903), which was enacted into law on February 23, 1995, created the Zamboanga City Special Economic Zone (ZAMBOECOZONE) and the ZAMBOECOZONE Authority. Among other things, the law gives the ZAMBOECOZONE Authority the following power under Sec. 7 (f), viz:

Section 7.

x x x x

(f) To operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements and recreational and sports facilities;

x x x x

Apparently in the exercise of its power granted under the above provision, public respondent ZAMBOECOZONE Authority passed Resolution No. 2006-08-03 dated August 19, 2006 approving the application of private respondent Philippine E-Gaming Jurisdiction, Inc. (PEJI) to be a Master Licensor/Regulator of on-line/internet/electronic gaming/games of chance.

PEJI forthwith undertook extensive advertising campaigns representing itself as such licensor/regulator to the international business and gaming community, drawing the Philippine Amusement and Gaming Corporation (PAGCOR) to file the present petition for Prohibition which assails the authority of the ZAMBOECOZONE Authority to operate, license, or regulate the operation of games of chance in the ZAMBOECOZONE.

PAGCOR contends that R.A. No. 7903, specifically Section 7(f) thereof, does not give power or authority to the ZAMBOECOZONE Authority to operate, license, or regulate the operation of games of chance in the ZAMBOECOZONE. Citing three (3) statutes, which it claims are in *pari materia* with R.A. No. 7903 as it likewise created economic zones and provided for the powers and functions of their respective

governing and administrative authorities, PAGCOR posits that the grant therein of authority to operate games of chance is clearly expressed, but it is not similarly so in Section 7(f) of R.A. No. 7903.

Thus PAGCOR cites these three statutes and their respective pertinent provisions:

Republic Act No. 7227, or the "Bases Conversion and Development Authority Act" enacted on March 13, 1992:

Section 13. The Subic Bay Metropolitan Authority. -

x x x x

(b) Powers and functions of the Subic Bay Metropolitan Authority. - The Subic Bay Metropolitan Authority, otherwise known as the Subic Authority, shall have the following powers and functions:

x x x x

(7) To operate directly or indirectly or license tourism-related activities subject to priorities and standards set by the Subic Authority including games and amusements, except horse-racing, dog-racing and casino gambling which shall continue to be licensed by the Philippine Amusement and Gaming Corporation (PAGCOR) upon recommendation of the Conversion Authority; to maintain and preserve the forested areas as a national park;

x x x x

Republic Act No. 7922 or the "Cagayan Economic Zone Act of 1995" enacted on February 24, 1995:

Section 6. Powers and Functions of the Cagayan Economic Zone Authority - The Cagayan Economic Zone Authority shall have the following powers and functions:

x x x x

(f) To operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sports facilities such as horse-racing, dog-racing gambling, casinos, golf courses, and others, under priorities and standards set by the CEZA;

x x x x

And Republic Act No. 7916 or the "Special Economic Zone Act of 1995," enacted on February 24, 1995 authorizing other economic zones established under the defunct Export Processing Zone Authority (EPZA) and its successor Philippine Economic Zone Authority (PEZA) to establish casinos and other games of chance under the license of PAGCOR by way of the *ipso facto* clause, viz:

SECTION 51. *Ipsa Facto Clause*. - All privileges, benefits, advantages or exemptions granted to special economic zones under Republic Act No. 7227 shall *ipso facto* be accorded to special economic zones already created or to be created under this Act. The free port status shall not be vested upon the new special economic zones.

PAGCOR maintains that, compared with the above-quoted provisions of the ecozone-related statutes, Section 7(f) of R.A. No. 7903 does not categorically empower the ZAMBOECOZONE Authority to operate, license, or authorize entities to operate games of chance in the area, as the words "games" and "amusement" employed therein do not include "games of chance." Hence, PAGCOR concludes, ZAMBOECOZONE Authority's grant of license to private respondent PEJI encroached on its (PAGCOR's) authority under Presidential Decree No. 1869 *vis-a-vis* the above-stated special laws to centralize and regulate all games of chance.

ZAMBOECOZONE Authority, in its Comment,<sup>[1]</sup> contends that PAGCOR has no personality to file the present petition as it failed to cite a superior law which proves its claim of having been granted exclusive right and authority to license and regulate all games of chance within the Philippines; and that, contrary to PAGCOR's assertion, the words "games" and "amusements" in Section 7(f) of R.A. No. 7903 include "games of chance" as was the intention of the lawmakers when they enacted the law.

In its Reply *Ex Abundante Ad Cautelam*,<sup>[2]</sup> PAGCOR cites the November 27, 2006 Opinion<sup>[3]</sup> rendered by the Office of the President through Deputy Executive Secretary for Legal Affairs Manuel B. Gaité, the pertinent portions of which read:

Coming to the issue at hand, the ZAMBOECOZONE Charter simply allows the operation of tourism-related activities including games and amusements without stating any form of gambling activity in its grant of authority to ZAMBOECOZONE.

x x x x

In view of the foregoing, we are of the opinion that under its legislative franchise (RA 7903), the ZAMBOECOZONE is not authorized to enter into any gaming activity by itself unless expressly authorized by law or other laws specifically allowing the same. (Emphasis and underscoring supplied)

The Court finds that, indeed, R.A. No. 7903 does not authorize the ZAMBOECOZONE Authority to operate and/or license games of chance/gambling.

Section 7(f) of R.A. No. 7903 authorizes the ZAMBOECOZONE Authority "[t]o operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including **games, amusements and recreational and sports facilities.**"

It is a well-settled rule in statutory construction that where the words of a statute are clear, plain, and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation.<sup>[4]</sup>