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[G.R. No. 209447, August 11, 2015]

PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG), PETITIONER, VS. HON. WINLOVE M. DUMAYAS, PRESIDING JUDGE, REGIONAL TRIAL COURT, BRANCH 59, MAKATI CITY AND UNITED COCONUT PLANTERS BANK (UCPB), RESPONDENTS.

[G.R. NO. 210901]

PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG), PETITIONER, VS. HON. WINLOVE M. DUMAYAS, PRESIDING JUDGE, REGIONAL TRIAL COURT, BRANCH 59, MAKATI CITY AND UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION (COCOLIFE), RESPONDENTS.

D E C I S I O N

VILLARAMA, JR., J.:

It is an important fundamental principle in our judicial system that every litigation must come to an end. Litigation must end and terminate sometime and somewhere, and it is essential to an effective and efficient administration of justice that, once a judgment has become final, the winning party be, not through a mere subterfuge, deprived of the fruits of the verdict.[1] Adherence to the principle impacts upon the lives of about three million poor farmers who have long waited to benefit from the outcome of the 27-year battle for the judicial recovery of assets acquired through illegal conversion of the coconut levies collected during the Marcos regime into private funds.

<u>The Case</u>

Before us are the consolidated petitions seeking the reversal of the following Orders[2] issued by respondent Presiding Judge of the Regional Trial Court (RTC) of Makati City, Branch 59: (a) Order dated April 29, 2013 denying petitioner's motion to dismiss the complaint in Civil Case No. 12-1251; (b) Order dated June 28, 2013 denying the motion for reconsideration filed by petitioner; (c) Omnibus Order dated May 15, 2013 denying petitioner's motion to dismiss the complaint in Civil Case No. 12-1252; and (d) Order dated December 4, 2013 denying the motion for reconsideration filed by petitioner.

The Antecedents

The factual background of this case is gathered from the records and the decisions of this Court involving the coconut levy funds. We reproduce the pertinent portions of the January 24, 2012 Decision in *COCOFED v. Republic*[3]:

> In 1971, **Republic Act No. (R.A.)** 6260 was enacted creating the Coconut Investment Company (CIC) to administer the **Coconut Investment Fund** (CIF), which, under Section 8 thereof, was to be sourced from a PhP 0.55 levy on the sale of every 100 kg. of copra. Of the PhP 0.55 levy of which the copra seller was, or ought to be, issued **COCOFUND** receipts, PhP 0.02 was placed at the disposition of COCOFED, the national association of coconut producers declared by the Philippine Coconut Administration (PHILCOA, now PCA) as having the largest membership.
>
> The declaration of martial law in September 1972 saw the issuance of several presidential decrees ("P.Ds.") purportedly designed to improve the coconut industry through the collection and use of the coconut levy fund. While coming generally from impositions on the first sale of copra, the coconut levy fund came under various names x x x. Charged with the duty of collecting and administering the Fund was PCA. Like COCOFED with which it had a legal linkage, the PCA, by statutory provisions scattered in different coco levy decrees, had its share of the coco levy.
>
> The following were some of the issuances on the coco levy, its collection and utilization, how the proceeds of the levy will be managed and by whom, and the purpose it was supposed to serve:
>
> 1. **P.D. No. 276** established the Coconut Consumers Stabilization Fund (**CCSF**) and declared the proceeds of the CCSF levy as trust fund, to be utilized to subsidize the sale of coconut-based products, thus stabilizing the price of edible oil.
>
> 2. **P.D. No. 582** created the Coconut Industry Development Fund (CIDF) to finance the operation of a hybrid coconut seed farm.
>
> 3. Then came **P.D. No. 755** providing under its Section 1 the following:
>
>> It is hereby declared that the policy of the State is to provide readily available credit facilities to the coconut farmers at a preferential rates; that this policy can be expeditiously and efficiently realized by

> the implementation of the "Agreement for the Acquisition of a Commercial Bank for the benefit of Coconut Farmers" executed by the [PCA] x x x; and that the [PCA] is hereby authorized to distribute, for free, the shares of stock of the bank it acquired to the coconut farmers x x x.

Towards achieving the policy thus declared, P.D. No. 755, under its **Section 2**, authorized PCA to utilize the CCSF and the CIDF collections to acquire a commercial bank and **deposit the CCSF levy collections in said bank, interest free**, the deposit withdrawable only when the bank has attained a certain level of sufficiency in its equity capital. The same section also decreed that all levies PCA is authorized to collect shall not be considered as special and/or fiduciary funds or form part of the general funds of the government within the contemplation of P.D. No. 711.

4. **P.D. No. 961** codified the various laws relating to the development of coconut/palm oil industries.

5. The relevant provisions of P.D. No. 961, as later amended by **P.D. No. 1468** (Revised *Coconut Industry Code*), read:

ARTICLE III
Levies

> Section 1. *Coconut Consumers Stabilization Fund Levy.* – The [PCA] is hereby empowered to impose and collect x x x the Coconut Consumers Stabilization Fund Levy x x x.
>
> x x x x
>
> Section 5. Exemption. — The [CCSF] and the [CIDF] as well as all disbursements as herein authorized, shall not be construed x x x as special and/or fiduciary funds, or as part of the general funds of the national government within the contemplation of PD 711; x x x the intention being that said Fund and the disbursements thereof as herein authorized for the benefit of the coconut farmers shall be owned by them in their private capacities: x x x. (Emphasis supplied.)

6. **Letter of Instructions No. (LOI) 926**, Series of 1979, made reference to the creation, out of other coco levy funds, of the Coconut Industry Investment Fund (**CIIF**) in P.D. No. 1468 and ***entrusted a portion of the CIIF levy to UCPB for investment, on behalf of coconut farmers, in oil mills and other private corporations, with the following equity ownership structure:***

> Section 2. Organization of the Cooperative Endeavor. – The [UCPB], in its capacity as the investment arm of the coconut farmers thru the [CIIF] x x x is hereby directed to invest, on behalf of the coconut farmers, such portion of the CIIF x x x in private corporations x x x under the following guidelines:
>
> a) The coconut farmers shall own or control at least x x x ***(50%) of the outstanding voting capital stock of the private corporation*** [acquired] thru the CIIF and/or corporation owned or controlled by the farmers thru the CIIF x x x. (Words in bracket added.)

Through the years, a part of the coconut levy funds went directly or indirectly to [finance] various projects and/or was converted into different assets or investments. Of particular relevance to this case was their use to acquire the **First United Bank** (FUB), later renamed **UCPB**, and the acquisition by UCPB, through the CIIF companies, of a large block of SMC shares.

x x x x

Shortly after the execution of the PCA-Cojuangco, Jr. Agreement, President Marcos issued, on July 29, 1975, P.D. No. 755 directing, as earlier narrated, PCA to use the CCSF and CIDF to acquire a commercial bank to provide coco farmers with *"readily available credit facilities at preferential rate,"* and PCA *"to distribute, for free,"* the bank shares to coconut farmers.

Then came the 1986 EDSA event. One of the priorities of then President Corazon C. Aquino's revolutionary government was the recovery of ill-gotten wealth reportedly amassed by the Marcos family and close relatives, their nominees and associates. Apropos thereto, she issued Executive Order Nos. (E.Os.) 1, 2 and 14, as amended by E.O. 14-A, all Series of 1986. E.O. 1 created the PCGG and provided it with the tools and processes it may avail of in the recovery efforts; E.O. No. 2 asserted that the ill-gotten assets and properties come in the form of shares of stocks, etc.; while E.O. No. 14 conferred on the Sandiganbayan exclusive and original jurisdiction over ill-gotten wealth cases, with the proviso that *"technical rules of procedure and evidence shall not be applied strictly"* to the civil cases filed under the E.O. Pursuant to these issuances, **the PCGG issued numerous orders of sequestration, among which were those handed out, as earlier mentioned, <u>against shares of stock in UCPB purportedly owned by or registered in the names of</u>** <u>(a) more than a million coconut farmers and (b)</u> **<u>the CIIF companies, including the SMC shares held by the CIIF companies</u>.** On July 31, 1987, the PCGG instituted before the Sandiganbayan a recovery suit docketed thereat as CC No. 0033.

After the filing and subsequent amendments of the complaint in CC 0033, Lobregat, COCOFED, et al., and Ballares, et al., purportedly representing over a million coconut farmers, sought and were allowed to intervene. Meanwhile, the following incidents/events transpired:

> 1. On the postulate, *inter alia,* that its coco-farmer members own at least 51% of the outstanding capital stock of UCPB, the CIIF companies, *etc*., COCOFED, *et al.,* on November 29, 1989, filed *Class Action Omnibus Motion* praying for the lifting of the orders of sequestration referred to above and for a chance to present evidence to prove the coconut farmers' ownership of the UCPB and CIIF shares. The plea to present evidence was denied;
>
> 2. Later, the Republic moved for and secured approval of a motion for separate trial which paved the way for the subdivision of the causes of action in CC 0033, each detailing how the assets subject thereof were acquired and the key roles the principal played;
>
> 3. Civil Case 0033, pursuant to an order of the Sandiganbayan would be subdivided into eight complaints, docketed as CC 0033-A to CC 0033-H.
>
> x x x x
>
> 4. On February 23, 2001, Lobregat, COCOFED, Ballares, *et al*., filed a *Class Action Omnibus Motion* to enjoin the PCGG from voting the sequestered UCPB shares and the SMC shares registered in the names of the CIIF companies. The Sandiganbayan, by Order of February 28, 2001, granted the motion, sending the **Republic to come to this Court on *certiorari,* docketed as G.R. Nos. 147062-64, to annul said order; and**
>
> 5. By Decision of **December 14, 2001**, in **G.R. Nos. 147062-64** (*Republic v. COCOFED*), t***he Court declared the coco levy funds as prima facie public funds. And purchased as the sequestered UCPB shares were by such funds, beneficial ownership thereon and the corollary voting rights prima facie pertain, according to the Court, to the government***.[4] (Additional emphasis, italics and underscoring supplied)

As mentioned in the above-cited case, the amended complaint in Civil Case No. 0033 revolved around the provisional take-over by the PCGG of COCOFED, Cocomark, and Coconut Investment Company and their assets and the sequestration of shares of stock in

UCPB CIIF corporations (CIIF oil mills and the 14 CIIF holding companies), or CIIF companies, so-called for having been either organized, acquired and/or funded as UCPB subsidiaries with the use of the CIIF levy. The basic complaint also contained allegations about the alleged misuse of the coconut levy funds to buy out the majority of the outstanding shares of stock of San Miguel Corporation (SMC).[5]

The proceedings relevant to this case pertain to Civil Case No. 0033-A entitled, *Republic of the Philippines, Plaintiff, v. Eduardo M. Cojuangco, Jr., et al., Defendants, COCOFED, et al., BALLARES, et al., Class Action Movants* (*Re: Anomalous Purchase and Use of [FUB] now [UCPB]), and Civil Case No. 0033-F entitled, Republic of the Philippines, Plaintiff, v. Eduardo M. Cojuangco, Jr., et al., Defendants* (*Re: Acquisition of San Miguel Corporation Shares of Stock*).

The Sandiganbayan rendered partial summary judgments in Civil Case No. 0033-A and 0033-F on July 11, 2003 and May 7, 2004, respectively. In our Decision dated January 24, 2012 in COCOFED v. Republic,[6] we affirmed with modification the said partial summary judgments and also upheld the Sandiganbayan's ruling that the coconut levy funds are special public funds of the Government. Citing *Republic v. COCOFED*[7] which resolved the issue of whether the PCGG has the right to vote the sequestered shares, we declared that the coconut levy funds are not only affected with public interest but are, in fact, *prima facie* public funds. We also upheld the Sandiganbayan's ruling that Sections 1 and 2 of P.D. 755, Section 3, Article III of P.D. 961, and the implementing regulations of the PCA, are unconstitutional "for allowing the use and/or the distribution of properties acquired through the coconut levy funds to private individuals for their own direct benefit and absolute ownership." As to the ownership of the six CIIF companies, the 14 holding companies, and the CIIF block of SMC shares of stock, we held these to be owned by the Government, having likewise been acquired using the coconut levy funds. Accordingly, "the properties subject of the January 24, 2012 Decision were declared owned by and ordered reconveyed to the Government, to be used only for the benefit of all coconut farmers and for the development of the coconut industry."[8]

Under the Resolution dated September 4, 2012, we denied with finality the motion for reconsideration filed by the petitioners in G.R. Nos. 177857-58.

The dispositive portion of the September 4, 2012 Resolution in *Philippine Coconut Producers Federation, Inc. (COCOFED) v. Republic of the Philippines*[9] thus reads:

> **WHEREFORE**, the Court resolves to **DENY** with **FINALITY** the instant Motion for Reconsideration dated February 14, 2012 for lack of merit.
>
> The Court further resolves to **CLARIFY** that the 753,848,312 SMC Series 1 preferred shares of the CIIF companies converted from the CIIF block of SMC shares, with all the dividend earnings as well as all increments arising from, but

not limited to, the exercise of preemptive rights subject of the September 17, 2009 Resolution, shall now be the subject matter of the January 24, 2012 Decision and shall be declared owned by the Government and be used only for the benefit of all coconut farmers and for the development of the coconut industry.

As modified, the *fallo* of the January 24, 2012 Decision shall read, as follows:

WHEREFORE, the petitions in G.R. Nos. 177857-58 and 178793 are hereby **DENIED.** The Partial Summary Judgment dated July 11, 2003 in Civil Case No. 0033-A as reiterated with modification in Resolution dated June 5, 2007, as well as the Partial Summary Judgment dated May 7, 2004 in Civil Case No. 0033-F, which was effectively amended in Resolution dated May 11, 2007, are **AFFIRMED with MODIFICATION,** only with respect to those issues subject of the petitions in G.R. Nos. 177857-58 and 178193. However, the issues raised in G.R. No. 180705 in relation to Partial Summary Judgment dated July 11, 2003 and Resolution dated June 5, 2007 in Civil Case No. 0033-A, shall be decided by this Court in a separate decision.

The Partial Summary Judgment in Civil Case No. 0033-A dated July 11, 2003, is hereby **MODIFIED**, and shall read as follows:

> WHEREFORE, in view of the foregoing, We rule as follows:
>
> SUMMARY OF THE COURT'S RULING.
>
> A. Re: CLASS ACTION MOTION FOR A SEPARATE SUMMARY JUDGMENT dated April 11, 2001 filed by Defendant Maria Clara L. Lobregat, COCOFED, *et al*., and Ballares, *et al.*
>
> The Class Action Motion for Separate Summary Judgment dated April 11, 2001 filed by defendant Maria Clara L. Lobregat, COCOFED, et al. and Ballares, et al., is hereby DENIED for lack of merit.
>
> B. Re: MOTION FOR PARTIAL SUMMARY JUDGMENT (RE: COCOFED, *ET AL*. AND BALLARES, *ET AL.*) dated April 22, 2002 filed by Plaintiff.
>
> 1. a. The portion of Section 1 of P.D. No. 755, which reads:
>
> > x x x and that the Philippine Coconut Authority is hereby authorized to distribute, for free, the shares of stock of the bank it acquired to the coconut

> farmers under such rules and regulations it may promulgate.

taken in relation to Section 2 of the same P.D., is unconstitutional: (i) for having allowed the use of the CCSF to benefit directly private interest by the outright and unconditional grant of absolute ownership of the FUB/UCPB shares paid for by PCA entirely with the CCSF to the undefined "coconut farmers", which negated or circumvented the national policy or public purpose declared by P.D. No. 755 to accelerate the growth and development of the coconut industry and achieve its vertical integration; and (ii) for having unduly delegated legislative power to the PCA.

b. The implementing regulations issued by PCA, namely, Administrative Order No. 1, Series of 1975 and Resolution No. 074-78 are likewise invalid for their failure to see to it that the distribution of shares serve exclusively or at least primarily or directly the aforementioned public purpose or national policy declared by P.D. No. 755.

2. Section 2 of P.D. No. 755 which mandated that the coconut levy funds shall not be considered special and/or fiduciary funds nor part of the general funds of the national government and similar provisions of Sec. 5, Art. III, P.D. No. 961 and Sec. 5, Art. III, P.D. No. 1468 contravene the provisions of the Constitution, particularly, Art. IX (D), Sec. 2; and Article VI, Sec. 29 (3).

3. Lobregat, COCOFED, et al. and Ballares, et al. have not legally and validly obtained title of ownership over the subject UCPB shares by virtue of P.D. No. 755, the Agreement dated May 25, 1975 between the PCA and defendant Cojuangco, and PCA implementing rules, namely, Adm. Order No. 1, s. 1975 and Resolution No. 074-78.

4. The so-called "Farmers' UCPB shares" covered by 64.98% of the UCPB shares of stock, which formed part of the 72.2% of the shares of stock of the former FUB and now of the UCPB, the entire consideration of which was charged by PCA to the CCSF, are hereby declared conclusively owned by, the Plaintiff Republic of the Philippines.

x x x x

SO ORDERED.

The Partial Summary Judgment in Civil Case No. 0033-F dated May 7, 2004, is hereby MODIFIED, and shall read as follows:

> **WHEREFORE, the MOTION FOR EXECUTION OF PARTIAL SUMMARY JUDGMENT (RE: CIIF BLOCK OF SMC SHARES OF STOCK)** dated August 8, 2005 of the plaintiff is hereby denied for lack of merit. However, this Court orders the severance of this particular claim of Plaintiff. The Partial Summary Judgment dated May 7, 2004 is now considered a separate final and appealable judgment with respect to the said CIIF Block of SMC shares of stock.
>
> The Partial Summary Judgment rendered on May 7, 2004 is modified by deleting the last paragraph of the dispositive portion, which will now read, as follows:
>
> > **WHEREFORE, in view of the foregoing, we hold that:**
> >
> > The Motion for Partial Summary Judgment (Re: Defendants CIIF Companies, 14 Holding Companies and Cocofed, *et al.*) filed by Plaintiff is hereby **GRANTED. ACCORDINGLY, THE CIIF COMPANIES, NAMELY:**
> >
> > 1. Southern Luzon Coconut Oil Mills (SOLCOM);
> > 2. Cagayan de Oro Oil Co., Inc. (CAGOIL);
> > 3. Iligan Coconut Industries, Inc. (ILICOCO);
> > 4. San Pablo Manufacturing Corp. (SPMC);
> > 5. Granexport Manufacturing Corp. (GRANEX); and
> > 6. Legaspi Oil Co., Inc. (LEGOIL),
>
> **AS WELL AS THE 14 HOLDING COMPANIES, NAMELY:**
>
> 1. Soriano Shares, Inc.;
> 2. ACS Investors, Inc.;
> 3. Roxas Shares, Inc.;
> 4. Arc Investors; Inc.;
> 5. Toda Holdings, Inc.;
> 6. AP Holdings, Inc.;
> 7. Fernandez Holdings, Inc.;
> 8. SMC Officers Corps, Inc.;
> 9. Te Deum Resources, Inc.;
> 10. Anglo Ventures, Inc.;

11. Randy Allied Ventures, Inc.;
12. Rock Steel Resources, Inc.;
13. Valhalla Properties Ltd., Inc.; and
14. First Meridian Development, Inc.

AND THE CONVERTED SMC SERIES 1 PREFERRED SHARES TOTALING 753,848,312 SHARES SUBJECT OF THE RESOLUTION OF THE COURT DATED SEPTEMBER 17, 2009 TOGETHER WITH ALL DIVIDENDS DECLARED, PAID OR ISSUED THEREON AFTER THAT DATE, AS WELL AS ANY INCREMENTS THERETO ARISING FROM, BUT NOT LIMITED TO, EXERCISE OF PRE-EMPTIVE RIGHTS ARE DECLARED OWNED BY THE GOVERNMENT TO BE USED ONLY FOR THE BENEFIT OF ALL COCONUT FARMERS AND FOR THE DEVELOPMENT OF THE COCONUT INDUSTRY, AND ORDERED RECONVEYED TO THE GOVERNMENT.

THE COURT AFFIRMS THE RESOLUTIONS ISSUED BY THE SANDIGANBAYAN ON JUNE 5, 2007 IN CIVIL CASE NO. 0033-A AND ON MAY 11, 2007 IN CIVIL CASE NO. 0033-F, THAT THERE IS NO MORE NECESSITY OF FURTHER TRIAL WITH RESPECT TO THE ISSUE OF OWNERSHIP OF (1) THE SEQUESTERED UCPB SHARES, (2) THE CIIF FLOCK OF SMC SHARES, AND (3) THE CIIF COMPANIES, AS THEY HAVE FINALLY BEEN ADJUDICATED IN THE AFOREMENTIONED PARTIAL SUMMARY JUDGMENTS DATED JULY 11, 2003 AND MAY 7, 2004.

SO ORDERED.

Costs against petitioners COCOFED, et al. in G.R. Nos. 177857-58 and Danilo S. Ursua in G.R. No. 178193.

No further pleadings shall be entertained. Let Entry of Judgment be made in due course.

SO ORDERED.[10] (Boldface in the original; additional underscoring supplied)

On December 28, 2012, a petition for declaratory relief[11] was filed by respondent UCPB in the RTC of Makati City (Civil Case No. 12-1251) against the six CIIF oil mills and 14 holding companies (CIIF companies), PCGG and other corporations “similarly situated.” A similar petition[12] was also filed by respondent United Coconut Planters Life Assurance Corporation (COCOLIFE) against the same defendants (Civil Case No. 12-1252).

Civil Case No. 12-1251

UCPB alleged that the capital or equity used in establishing the CIIF companies was not exclusively sourced from the coconut levy funds. It claimed that while P633 Million was invested by it as Administrator of the CIIF, as universal bank it also invested around P112 million in the six oil mill companies or oil mills group (CIIF OMG). As to the 14 holding companies, UCPB claimed that while it had the funds in mid-1983 to purchase the 33,133,266 shares in SMC then being sold by the Soriano Group for the price of P1.656 Billion to Mr. Eduardo M. Cojuangco, Jr., it could not, under banking laws, directly engage in the business of brewery. To make the equity investment, the 14 holding companies were established by the CIIF OMG to serve as corporate vehicles for the investment in SMC shares (CIIF SMC Block of Shares).

With the foregoing supposed equity in the CIIF companies and contributions to the acquisition of the SMC shares, UCPB claims **11.03%** indirect ownership valued at P7.84 Billion, based on the P71.04 Billion present value of the said sequestered shares (P56.5 Billion redemption price of the redeemed shares plus P14.54 Billion dividends and accrued interests for the account of the 14 holding companies). UCPB thus prayed for a judgment

> declaring the rights and duties of [UCPB] affirming and confirming [UCPB's] proportionate right, title and interest in the Oil Mills Group Companies, its indirect equity of the 14 Coconut Industry Investment Funds ("CIIF") Holding Companies and the San Miguel Corporation ("SMC") Shares, the dividends thereon and the proceeds of the redemption thereof and that any disbursement or disposition thereof should x x x respect and take into account [UCPB's] right, title and interest thereto.[13]

PCGG filed a motion to dismiss citing the following grounds: (1) lack of jurisdiction over the subject matter of the case; (2) the January 24, 2012 Decision of the Supreme Court cannot be the proper subject of a petition for declaratory relief; (3) a petition for declaratory relief is unavailing since the alleged right or interest of UCPB over the CIIF companies and the CIIF Block of SMC Shares had long been breached or violated upon the issuance of the writ of sequestration against the said companies and shares of stock by the PCGG, which thereafter assumed their administration and voted the shares of stock; (4) UCPB is now estopped from asserting its alleged right over the subject companies and shares of stock, having failed to enforce it for a long time (25 years) from the date of filing by PCGG of the complaint in the Sandiganbayan in 1987 until the Supreme Court decided with finality the issue of ownership of the subject sequestered companies and shares of stock on September 4, 2012; and (5) the petition is defective, as it failed to implead an indispensable party, the Republic of the Philippines.[13-a]

UCPB opposed the motion contending that the subject of its petition is not the Supreme Court Decision dated January 24, 2012 but the proper documents establishing UCPB's ownership over the subject companies and shares of stock. It further asserted that there is no actual breach of right or estoppel that would bar UCPB's claim considering that it was not even a party to any previous legal suit involving the subject properties.[13-b]

On April 29, 2013, respondent Judge issued the first assailed Order denying the motion to dismiss and directing the PCGG to file its Answer. PCGG's motion for reconsideration was likewise denied under the Order dated June 28, 2013.

Civil Case No. 12-1252

COCOLIFE raised similar claims of ownership in the subject companies and shares of stock by virtue of its being a stockholder, owning 146,610,567 UCPB shares independently of its right as direct shareholder of the CIIF OMG and the 14 holding companies, as well as the CIIF SMC Block of Shares. It alleged that on December 18, 1985, it purchased from UCPB shares of stock in four CIIF oil companies. Using funds coming from COCOLIFE and UCPB, the CIIF OMG was able to raise the money for the purchase of the 33,133,266 common shares in SMC. Consequently, COCOLIFE's percentage ownership in the CIIF SMC Block of Shares being held by the 14 holding companies is **11.01%**. According to COCOLIFE, its investment in the CIIF OMG is evidenced by certificates of stock issued by San Pablo Manufacturing Corp., Southern Luzon Coconut Oil Mills, Granexport Manufacturing Corp. and Legaspi Oil Co., Inc.

Like UCPB, COCOLIFE asserted that the CIIF OMG and 14 CIIF holding companies are not wholly owned by the Government. Since it was not impleaded in the complaint filed by the PCGG for the recovery of allegedly ill-gotten properties (CIIF companies and CIIF SMC Block of Shares), COCOLIFE argued that it should not be deprived of its proportionate interest (11.01%) in the said properties sequestered by PCGG. It thus prayed that judgment be rendered by the RTC declaring the rights and duties of COCOLIFE affirming and confirming COCOLIFE's proportionate interest in the four CIIF oil companies, its indirect equity in the 14 CIIF holding companies and the CIIF SMC Block of Shares including the proceeds or their equivalent, and that any disbursement or disposition thereof should preserve, respect and take into account COCOLIFE's right and interest.

Civil Case No. 12-1252 was consolidated with Civil Case No. 12-1251. PCGG likewise moved to dismiss the petition in Civil Case No. 12-1252 on the same grounds it raised in Civil Case No. 12-1251.

The Omnibus Order dated May 15, 2013 denied the motion to dismiss and further required PCGG to file its Answer. PCGG's motion for reconsideration was likewise denied by respondent Judge on December 4, 2013.

Petitioner's Arguments

PCGG contends that respondent judge gravely abused his discretion in not dismissing the petitions for declaratory relief, which merely aim to re-litigate the issue of ownership already passed upon by the Sandiganbayan under the Partial Summary Judgment rendered in Civil Case No. 0033-F and the January 24, 2012 Decision of this Court in *COCOFED v. Republic*.[14] It argues that the RTC has no jurisdiction over the acts performed by PCGG pursuant to its quasi-judicial functions, particularly those relating to the issuance of writs of sequestration, and that all cases involving ill-gotten wealth assets are under the unquestionable jurisdiction of the Sandiganbayan.

Contrary to the asseveration of respondents UCPB and COCOLIFE, PCGG maintains that their petitions for declaratory relief actually seek to modify or alter the Decision of this Court in *COCOFED v. Republic*, which has become final and executory. PCGG also contends that documents like stock certificates cannot be a proper subject of a petition for declaratory relief considering that the phrase "other written instruments" contemplated by the Rules of Court pertains to a written document constituting a contract upon which rights and obligations are created, which terms could be interpreted by the courts so as to avoid any conflicting interests between the parties. Further, the alleged ownership or title of UCPB and COCOLIFE have already been breached or violated by the issuance of writs of sequestration over the subject properties.

On account of their inaction for more than 25 years that the issue of ownership over the sequestered CIIF companies and CIIF SMC Block of Shares were being litigated, PCGG argues that UCPB and COCOLIFE are now estopped from asserting any such right in the said properties. And as to their non-participation in the cases before the Sandiganbayan, PCGG asserts it has no legal obligation to implead UCPB and COCOLIFE, as held in *Universal Broadcasting Corporation v. Sandiganbayan* (*5th Div.*).[15]

Respondents' Arguments

Respondents question the authority of Commissioner Vicente L. Gengos, Jr. in filing the present petitions before the Court and signing the Verification and Certification Against Forum Shopping. They point out that the PCGG is a collegial body created by virtue of EO 1, and it may function only as such "Commission." Consequently, the present action should have been properly authorized by all members of the Commission.

On the issue of jurisdiction, UCPB and COCOLIFE argue that since they have properly alleged a case for declaratory relief, jurisdiction over the subject matter lies in the regular courts such as the RTC of Makati City. Having filed a motion to dismiss, PCGG is deemed to have admitted the material allegations of the complaint, specifically that UCPB and COCOLIFE had jointly acquired the six CIIF oil mills by investing direct equity of P112 Million (UCPB) and P112 Million (COCOLIFE) for the four CIIF oil mills. Citing *San Miguel Corporation v. Kahn*[16] where this Court held that the Sandiganbayan has no jurisdiction if the subject matter of the case does not involve or has no relation to the recovery of ill-gotten wealth, UCPB and COCOLIFE insist that the subject matter of their petitions is the declaration of their rights under corporate documents, which in turn relate to UCPB and COCOLIFE's investments not sourced from the coconut levy funds. It is thus the allegations in the complaint that determine the cause of action and what court has jurisdiction over such cause of action, and not the defenses raised in the motion to dismiss and/or answer.

In the same vein, UCPB and COCOLIFE posit that, contrary to PCGG's position, proceeding to hear the cases below will not pave the way for re-examining the findings of this Court in its Decision in *COCOFED v. Republic*. This is because the subject matter of the petitions for declaratory relief is not the coconut levy funds but their own investments in the CIIF OMG and consequent indirect ownership of the CIIF SMC Block of Shares. Neither do their petitions seek to lift the sequestration orders as these pertain only to those shares in CIIF OMG which were acquired by UCPB as Administrator, using coconut levy funds. While respondents adhere to the wisdom of the Decision in *COCOFED v. Republic*, it is their position that the ruling therein does not affect their respective claims to 11% proportional equity stake in the CIIF OMG companies. Moreover, since they were not impleaded in Sandiganbayan Civil Case No. 0033-F and in G.R. Nos. 177857-58 and 178193, respondents maintain that they are not bound by any adjudication of ownership rendered therein.

Respondents further contend that the writ of sequestration issued by the Sandiganbayan cannot be considered a breach which gives rise to a cause of action in favor of any of the parties. There was no "injury" on the part of UCPB and COCOLIFE despite the sequestration proceedings because they were not impleaded as a party in the sequestration case. They point out that their title and interest in the subject properties remained unaffected by the sequestration by PCGG considering that the CIIF companies had not done anything to disown or deny UCPB and COCOLIFE's stockholdings, as in fact, in their Answer to the petition for declaratory relief, these companies expressly admitted the existence of respondents' stockholdings in each respective company. Also, the CIIF OMG were all in agreement that there is a need for declaratory relief judgment on respondents' claims in the sequestered properties notwithstanding the final decision of this Court which resolved the issue of ownership in favor of the Government.

On February 26, 2014 in G.R. No. 210901, we issued a temporary restraining order (TRO) immediately enjoining the respondent judge, the RTC of Makati City, Branch 59, their representatives, agents or other persons acting on their behalf, from proceeding with the hearing of the petitions for declaratory relief in Civil Case Nos. 12-1251 and 12-1252.[17] Likewise, a TRO was issued in G.R. No. 209447 enjoining the respondent judge from further hearing the said petitions for declaratory relief.[18]

Issues

The issues generated by this controversy are the following:

1) Non-compliance with the rule on Verification and Certification of Non-Forum Shopping which was signed by only one PCGG Commissioner;

2) Lack of jurisdiction over the subject matter of Civil Case Nos. 12-1251 and 12-1252;

3) Non-compliance with the requisites of a petition for declaratory relief complied with; and

4) Application of *res judicata* and/or laches as bar to the suits for declaratory relief filed by UCPB and COCOLIFE.

Our Ruling

The petitions are meritorious.

Alleged Lack of Authority of PCGG Commissioner Vicente L. Gengos, Jr. to file the present petition

Under Rule 46, Section 3, paragraph 3 of the 1997 Rules of Civil Procedure, as amended, petitions for certiorari must be verified and accompanied by a sworn certification of non-forum shopping.[19] A pleading is verified by an affidavit that the affiant has read the pleading and that the allegations therein are true and correct of his personal knowledge or based on authentic records.[20] The party need not sign the verification. A party's representative, lawyer or any person who personally knows the truth of the facts alleged in the pleading may sign the verification.[21]

On the other hand, a **certification of non-forum shopping** is a certification under oath by the plaintiff or principal party in the complaint or other initiatory pleading asserting a claim for relief or in a sworn certification annexed thereto and simultaneously filed therewith, (a) that he has not theretofore commenced any action or filed any claim involving the same issues in any court, tribunal or quasi-judicial agency and, to the best of his knowledge, no such other action or claim is pending therein; (b) if there is such other pending action or claim, a complete statement of the present status thereof; and (c) if he should thereafter learn that the same or similar action or claim has been filed or is pending, he shall report that fact within five (5) days therefrom to the court wherein his aforesaid complaint or initiatory pleading has been filed.[22]

It is obligatory that the one signing the verification and certification against forum shopping on behalf of the principal party or the other petitioners has the authority to do the same.[23] We hold that the signature of only one Commissioner of petitioner PCGG in the verification and certification against forum shopping is not a fatal defect.

It has been consistently held that the verification of a pleading is only a formal, not a jurisdictional, requirement. The purpose of requiring a verification is to secure an assurance that the allegations in the petition are true and correct, not merely speculative. This requirement is simply a condition affecting the form of pleadings, and noncompliance therewith does not necessarily render the pleading fatally defective.[24]

As to the certification of non-forum shopping, a rigid application of the rules should not defeat the PCGG's mandate under EO 1, EO 2, EO 14 and EO 14-A to prosecute cases for the recovery of ill-gotten wealth, and to conserve sequestered assets and corporations, which are in *custodia legis*, under its administration. Indeed, relaxation of the rules is warranted in this case involving coconut levy funds previously declared by this Court as "affected with public interest" and judicially determined as public funds. Relevantly, after the promulgation of the decision of this Court in *COCOFED v. Republic,* EO 180 was issued on March 18, 2015 reiterating the Government's policy to ensure that all coco levy funds and coco levy assets be utilized "solely and exclusively for the benefit of all the coconut farmers and for the development of the coconut industry." In line with such policy, Section 3 thereof provides:

> **Section 3. *Actions to Preserve, Protect and Recover Coco Levy Assets.*** The Office of the Solicitor General (OSG), the Presidential Commission on Good Government (PCGG), and any other concerned government agency shall, under the general supervision of the Secretary of Justice, file the proper pleadings or institute and maintain the necessary legal actions to **<u>preserve, protect, or recover the Government's rights and interests in the Coco Levy Assets and to prevent any dissipation or reduction in their value.</u>** (Emphasis and underscoring supplied)

Apropos PCGG v. Cojuangco, Jr.,[25] involving the issue of who has the right to vote the sequestered SMC shares, we gave due course to the petition for certiorari and mandamus despite the lack of signature of the Solicitor General; but it was signed by two special counsels and the verification was signed by Commissioner Herminio Mendoza. We noted the extraordinary circumstances in the filing of the petition by the said government officials that justified a liberal interpretation of the rules.

The RTC has no jurisdiction over suits involving the sequestered coco levy assets and coco levy funds.

Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case.

[26] Jurisdiction over the subject matter is conferred by the Constitution or by law and is determined by the allegations of the complaint and the relief prayed for, regardless of whether the plaintiff is entitled to recovery upon all or some of the claims prayed for therein. Jurisdiction is not acquired by agreement or consent of the parties, and neither does it depend upon the defenses raised in the answer or in a motion to dismiss.[27]

Under Section 4 (C) of P.D. No. 1606, as amended by R.A. No. 7975 and R.A. No. 8249, the jurisdiction of the Sandiganbayan included suits for recovery of ill-gotten wealth and related cases:

> (C) Civil and criminal cases filed pursuant to and in connection with Executive Order Nos. 1, 2, 14 and 14-A, issued in 1986.
>
> x x x x
>
> The *Sandiganbayan* shall have **exclusive original jurisdiction** over petitions for the issuance of the *writs of mandamus, prohibition, certiorari, habeas corpus, injunctions,* and other ancillary writs and processes in aid of its appellate jurisdiction and over petitions of similar nature, including *quo warranto*, arising or that may arise in cases filed or which may be filed under Executive Order Nos. 1, 2, 14 and 14-A, issued in 1986: *Provided,* That the jurisdiction over these petitions shall not be exclusive of the Supreme Court. (Italics in the original; emphasis supplied)

In *PCGG v. Peña,*[28] we made the following clarification on the extent of the Sandiganbayan's jurisdiction:

> x x x Under section 2 of the President's Executive Order No. 14 issued on May 7, 1986, all cases of the Commission regarding "the Funds, Moneys, Assets, and Properties Illegally Acquired or Misappropriated by Former President Ferdinand Marcos, Mrs. Imelda Romualdez Marcos, their Close Relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees" whether civil or criminal, are lodged within the "exclusive and original jurisdiction of the Sandiganbayan" ***and all incidents arising from, incidental to, or related to, such cases*** necessarily fall likewise under the Sandiganbayan's exclusive and original jurisdiction, subject to review on certiorari exclusively by the Supreme Court.[29] (Emphasis supplied)

Soriano III v. Yuzon[30] reiterated the above ruling, thus:

> Now, that exclusive jurisdiction conferred on the Sandiganbayan ***would evidently extend not only to the principal causes of action, i.e., the recovery of alleged ill-gotten wealth, but also to "all incidents arising from, incidental to, or related to, such cases,"*** such as the dispute over the sale of the shares, the propriety of the issuance of ancillary writs or provisional remedies relative thereto, the sequestration thereof, which may not be made the subject of separate actions or proceedings in another forum. As explained by the Court in Peña:
>
> > "The rationale of the exclusivity of such jurisdiction is readily understood. Given the magnitude of the past regime's 'organized pillage' and the ingenuity of the plunderers and pillagers with the assistance of the experts and best legal minds available in the market, ***it is a matter of sheer necessity to restrict access to the lower courts, which would have tied into knots and made impossible the commission's gigantic task of recovering the plundered wealth of the nation***, whom the past regime in the process had saddled and laid prostrate with a huge $27 billion foreign debt that has since ballooned to $28.5 billion." (italics and emphasis supplied.) (Additional emphasis supplied)

Respondents' petitions for declaratory relief filed in the RTC asserted their claim of ownership over the sequestered CIIF companies and indirectly the CIIF SMC Block of Shares, in the following percentages: 11.03% (UCPB) and 11.01% (COCOLIFE). Undeniably, these are related to the ill-gotten wealth cases (Civil Case Nos. 0033-A and 0033-F) involving the issue of ownership of the aforesaid sequestered companies and shares of stock, which have been tried and decided by the Sandiganbayan, and the decision had been appealed to and finally disposed of by this Court in G.R. Nos. 177857-58[31] (COCOFED and Lobregat, et. al's ownership claim over the CIIF companies and CIIF SMC Block of Shares) and G.R. No. 180705[32] (Eduardo M. Cojuangco, Jr.'s claim over UCPB shares under an Agreement with PCA).

Contrary to respondents' contention, the subject matter of their petitions for declaratory relief, *i.e.,* their purported contribution to the acquisition of four CIIF OMG companies and the 14 holding companies, as well as indirect ownership of a portion of the CIIF SMC Block of Shares, is inextricably intertwined with the issue of ownership judicially settled in the aforementioned appeals from the Partial Summary Judgments rendered in Civil Case Nos. 0033-A and 0033-F.

The allegation that no coconut levy funds were actually used to purchase stockholdings in the CIIF companies is of no moment. Since the CIIF companies and CIIF SMC Block of Shares have long been sequestered and placed under the administration of the PCGG, the latter's functions may not be interfered with by a co-equal court. In *Republic v. Investa Corporation*[33] involving the propriety of dilution of the Government's percentage in the stockholdings of a sequestered corporation (DOMSAT), we held that it is the Sandiganbayan and not the Securities and Exchange Commission (SEC) which has jurisdiction over the petition filed by the Republic and DOMSAT. As conservator of sequestered shares, PCGG has the duty to ensure that the sequestered properties are not dissipated under its watch.

Previously, this Court affirmed the jurisdiction of the RTC in a suit also involving a claim of ownership in the sequestered corporation, and ruled in this wise:[34]

> We disagree with the RTC and the CA on the issue of jurisdiction. While there can be no dispute that PCOC was sequestered, ***the fact of sequestration alone did not automatically oust the RTC of jurisdiction to decide upon the question of ownership of the subject gaming and office equipment. The PCGG must be a party to the suit in order that the Sandiganbayan's exclusive jurisdiction may be correctly invoked.*** This is deducible from no less than E.O. No. 14, the "Peña" and "Nepomuceno" cases relied upon by both subordinates courts. Note that in Section 2 of E.O. No. 14 which provides:
>
> > "Section 2. The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof."
>
> it speaks of the PCGG as party-plaintiff. On the other hand, the PCGG was impleaded as co-defendant in both the "*Peña*" and "*Nepomuceno*" cases. But here, the PCGG does not appear in either capacity, as the complaint is solely between PAGCOR and respondents PCOC and Marcelo. The "*Peña*" and "*Nepomuceno*" cases which recognize the independence of the PCGG and the Sandiganbayan in sequestration cases, therefore, cannot be invoked in the instant case so as to divest the RTC of its jurisdiction, under Section 19 of B.P. 129, over PAGCOR's action for recovery of personal property.[35] (Emphasis supplied)

In *Cuenca v. PCGG,*[36] we upheld the exclusive jurisdiction of the Sandiganbayan over all incidents affecting the shares of a sequestered corporation considering that the action before the RTC is inexorably entwined with the Government's case for recovery of ill-gotten wealth pending with the Sandiganbayan. Thus:

> Petitioners contend that even if UHC was indeed sequestered, jurisdiction over the subject matter of petitioners' Complaint for enforcement or rescission of contract between petitioners and respondents belonged to the RTC and not the Sandiganbayan. Petitioners cited *Philippine Amusement and Gaming*

Corporation v. Court of Appeals, x x x, this Court held that the fact of sequestration alone did not automatically oust the RTC of jurisdiction to decide upon the question of ownership of the disputed gaming and office equipment as PCGG must be a party to the suit in order that the Sandiganbayan's exclusive jurisdiction may be correctly invoked, and as Section 2 of EO 14 was duly applied in *PCGG v. Peña* and *PCGG v. Nepomuceno*, which ineluctably spoke of respondent PCGG as a party-litigant.

x x x x

Sandiganbayan has exclusive jurisdiction over the instant case

A rigorous examination of the antecedent facts and existing records at hand shows that Sandiganbayan has exclusive jurisdiction over the instant case.

Thus, the petition must fail for the following reasons:

First, it is a fact that the shares of stock of UHC and CDCP, the subject matter of Civil Case No. 91-2721 before the Makati City RTC, were also the subject matter of an ill-gotten wealth case, specifically Civil Case No. 0016 before the Sandiganbayan. In Civil Case No. 91-2721 of the Makati City RTC, petitioners prayed for a judgment either transferring the UHC shares or restoring and reconveying the PNCC shares to them. In the event a final judgment is rendered in said Makati City RTC case in favor of petitioners, then such adjudication tends to render moot and academic the judgment to be rendered in Sandiganbayan Civil Case No. 0016 considering that the legal ownership of either the UHC or PNCC shares would now be transferred to petitioners Rodolfo Cuenca and CIC. Such adverse judgment would run counter to the rights of ownership of the government over the UHC and PNCC shares in question. x x x

Moreover, inasmuch as ***UHC was impleaded in Civil Case No. 0016 as a defendant and was listed among the corporations beneficially owned or controlled by petitioner Cuenca, the issue of the latter's right to acquire ownership of UHC shares is inexorably intertwined with the right of the Republic of the Philippines, through PCGG, to retain ownership of said UHC shares.***

It must be borne in mind that the Sandiganbayan was created in 1978 pursuant to Presidential Decree No. (PD) 1606. Said law has been amended during the interim period after the Edsa Revolution of 1986 and before the 1987 Constitution was drafted, passed, and ratified. Thus, the executive issuances during such period before the ratification of the 1987 Constitution had the force and effect of laws. Specifically, then President Corazon C. Aquino issued the following Executive Orders which amended PD 1606 in so far as the jurisdiction of the Sandiganbayan over civil and criminal cases instituted and prosecuted by the PCGG is concerned, *viz*:

x x x x

Bearing on the jurisdiction of the Sandiganbayan over cases of ill-gotten wealth, EO 14, Secs. 1 and 2 provide:

> SECTION 1. Any provision of the law to the contrary notwithstanding, the **Presidential Commission on Good Government** with the assistance of the Office of the Solicitor General and other government agencies, is hereby **empowered to file and prosecute all cases investigated by it under <u>Executive Order No. 1</u>, dated February 28, 1986 and <u>Executive Order No. 2</u>, dated March 12, 1986,** as may be warranted by its findings.
>
> SECTION 2. The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof. (Emphasis supplied.)

Notably, these amendments had been duly recognized and reflected in subsequent amendments to PD 1606, specifically Republic Act Nos. 7975 and 8249.

In the light of the foregoing provisions, it is clear that it is the Sandiganbayan and not the Makati City RTC that has jurisdiction over the disputed UHC and PNCC shares, being the alleged "ill-gotten wealth" of former President Ferdinand E. Marcos and petitioner Cuenca. The fact that the Makati City RTC civil case involved the performance of contractual obligations relative to the UHC shares is of no importance. ***The benchmark is whether said UHC shares are alleged to be ill-gotten wealth of the Marcoses and their perceived cronies. More importantly, the interests of orderly administration of justice dictate that all incidents affecting the UHC shares and PCGG's right of supervision or control over the UHC must be addressed to and resolved by the Sandiganbayan.*** Indeed, the law and courts frown upon split jurisdiction and the resultant multiplicity of suits, which result in much lost time, wasted effort, more expenses, and irreparable injury to the public interest.

Second, the UHC shares in dispute were sequestered by respondent PCGG. Sequestration is a provisional remedy or freeze order issued by the PCGG designed to prevent the disposal and dissipation of ill-gotten wealth. The power to sequester property means to

> place or cause to be placed under [PCGG's] possession or control said property, or any building or office wherein any such property or

> any records pertaining thereto may be found, including business enterprises and entities, for the purpose of preventing the destruction of, and otherwise conserving and preserving the same, until it can be determined, through appropriate judicial proceedings, whether the property was in truth ill-gotten. (*Silverio v. PCGG,* 155 SCRA 60 [1987]).

Considering that the UHC shares were already sequestered, enabling the PCGG to exercise the power of supervision, possession, and control over said shares, then such power would collide with the legal custody of the Makati City RTC over the UHC shares subject of Civil Case No. 91-2721. Whatever the outcome of Civil Case No. 91-2721, whether from enforcement or rescission of the contract, would directly militate on PCGG's control and management of IRC and UHC, and consequently hamper or interfere with its mandate to recover ill-gotten wealth. As aptly pointed out by respondents, ***petitioners' action is inexorably entwined with the Government's action for the recovery of ill-gotten wealth – the subject of the pending case before the Sandiganbayan.*** Verily, the transfer of shares of stock of UHC to petitioners or the return of the shares of stock of CDCP (now PNCC) will wreak havoc on the sequestration case as both UHC and CDCP are subject of sequestration by PCGG.

Third, *Philippine Amusement and Gaming Corporation and Holiday Inn (Phils.), Inc.* are not analogous to the case at bar. The first dealt with ownership of gaming and office equipment, which is distinct from and will not impact on the sequestration issue of PCOC. The second dealt with an ordinary civil case for performance of a contractual obligation which did not in any way affect the sequestration proceeding of NRHDCI; thus, the complaint-in-intervention of Holiday Inn (Phils.), Inc. was properly denied for lack of jurisdiction over the subject matter.

In both cases cited by petitioners, there was a substantial distinction between the sequestration proceedings and the subject matter of the actions. This does not prevail in the instant case, as the ownership of the shares of stock of the sequestered companies, UHC and CDCP, is the subject matter of a pending case and thus addressed to the exclusive jurisdiction of the Sandiganbayan.

Sec. 2 of EO 14 pertinently provides: "The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof."

The above proviso has been squarely applied in *Peña*, where this Court held that the exclusive jurisdiction conferred on the Sandiganbayan would evidently

> extend not only to the principal causes of action, that is, recovery of alleged ill-gotten wealth, but also to all incidents arising from, incidental to, or related to such cases, including a dispute over the sale of the shares, the propriety of the issuance of ancillary writs of relative provisional remedies, and the sequestration of the shares, which may not be made the subject of separate actions or proceedings in another forum. ***Indeed, the issue of the ownership of the sequestered companies, UHC and PNCC, as well as IRC's ownership of them, is undeniably related to the recovery of the alleged ill-gotten wealth and can be squarely addressed via the exclusive jurisdiction of the Sandiganbayan.***
>
> Fourth, while it is clear that the exclusive jurisdiction of the Sandiganbayan only encompasses cases where PCGG is impleaded, such requirement is satisfied in the instant case. The appellate court clearly granted PCGG's petition for certiorari in CA-G.R. SP No. 49686, assailing the trial court's denial of its Motion for Leave to Intervene with Motion to Dismiss. Thus, the trial court's April 20, 1998 Order was reversed and set aside by the appellate court through its assailed Decision. ***Consequently, PCGG was granted the right to intervene and thus became properly impleaded in the instant case***. Without doubt, the trial court has no jurisdiction to hear and decide Civil Case No. 91-2721.[37] (Additional emphasis supplied)

In the light of the foregoing, it is clear that the Sandiganbayan has exclusive jurisdiction over the subject matter of Civil Case Nos. 12-1251 and 12-1252.

First, the subject matters of respondents' petitions in Civil Case Nos. 0033-A and 0033-F filed by the PCGG against Eduardo M. Cojuangco, et al. are the same, *i.e.*, the ownership of CIIF companies and CIIF SMC Block of Shares, which were claimed by the Government as acquired by the defendants using public funds (coco levy funds). In the interest of orderly administration of justice and the policy against multiplicity of suits, it is but proper that *all* incidents affecting the coconut levy funds and assets be addressed and resolved by the Sandiganbayan. Claims of ownership of a portion of the subject CIIF companies and SMC shares by private entities such as UCPB and COCOLIFE are inextricably related to the aforementioned ill-gotten wealth cases filed in the Sandiganbayan.

Second, UCPB, along with the CIIF companies and CIIF SMC Block of Shares, were duly sequestered by the PCGG and had been under the latter's administration for more than 25 years. With the final determination made by this Court in *COCOFED v. Republic* that these properties unquestionably belong to the Government as they were acquired using the coconut levy funds, the PCGG can now exercise full acts of ownership as evident from the latest executive issuance, EO 180, by President Benigno Simeon C. Aquino III.

Third, aside from their sequestration by PCGG, the ownership of the aforesaid assets is the subject matter in both Civil Case Nos. 12-1251 and 12-1252 filed in the RTC and Civil Case Nos. 0033-A and 0033-F in the Sandiganbayan. Respondents' assertion that the subject matter of their petitions for declaratory relief is different due to private funds used in buying shares in UCPB and CIIF oil mills is but a feeble attempt to create an exception to the Sandiganbayan's exclusive jurisdiction. As underscored in *Cuenca v. PCGG,*[38] the benchmark is whether such shares of UCPB and CIIF oil mills are alleged to be ill-gotten wealth of the Marcoses and their perceived cronies, which is sufficient to bring the case within the exclusive jurisdiction of the Sandiganbayan pursuant to existing laws and decrees.

Fourth, the requirement in *Peña* and *Nepomuceno* that the PCGG must be a party to the suit in order to invoke the Sandiganbayan's exclusive jurisdiction was satisfied in this case. PCGG was impleaded as co-defendant in Civil Case Nos. 12-1251 and 12-1252. It even filed a motion to dismiss in both cases and appealed from the denial of said motions by respondent judge. Thus, while the Republic itself was not impleaded in the petitions for declaratory relief, PCGG was formally made a party thereto.

Applicability of Res Judicata

The doctrine of *res judicata* provides that a final judgment on the merits rendered by a court of competent jurisdiction is conclusive as to the rights of the parties and their privies and constitutes an absolute bar to subsequent actions involving the same claim, demand, or cause of action.[39] The following requisites must obtain for the application of the doctrine: (1) the former judgment or order must be final; (2) it must be a judgment or order on the merits, that is, it was rendered after a consideration of the evidence or stipulations submitted by the parties at the trial of the case; (3) it must have been rendered by a court having jurisdiction over the subject matter and the parties; and (4) there must be, between the first and second actions, identity of parties, of subject matter and of cause of action. This requisite is satisfied if the two actions are substantially between the same parties.[40]

There is no question regarding compliance with the first, second and third requisites. However, respondents maintain that while they adhere to the Decision in *COCOFED v. Republic,* said decision did not affect their right or title to the subject properties since the subject matter in their petitions for declaratory relief is not the coconut levy funds but their *own private* funds used by them in purchasing shares from UCPB and CIIF companies, that in turn resulted in their indirect ownership of the CIIF SMC Block of Shares in their respective proportions: 11.03% (UCPB) and 11.01% (COCOLIFE).

Respondents further assert that they are not bound by the adjudication of ownership in *COCOFED v. Republic* considering that they were not impleaded as defendants in Civil Case Nos. 0033-A and 0033-F.

We disagree.

In *Universal Broadcasting Corporation v. Sandiganbayan (5th Div.),*[41] we reiterated that it is not necessary to implead companies which are the res of suits for recovery of ill-gotten wealth. We held that –

> Petitioner submits that the Sandiganbayan never acquired jurisdiction over it as it was not impleaded as a party-defendant in Civil Case No. 0035.
>
> The submission has no merit.
>
> The *Price Mansion* property is an asset alleged to be ill-gotten. Like UBC, it is listed as among the properties of Benjamin Romualdez. For sure, UBC is among the corporations listed as alleged repositories of shares of stock controlled by Romualdez.
>
> In *Republic v. Sandiganbayan,* the Court held that ***there is no need to implead firms which are merely the res of the actions in ill-gotten wealth cases*** and that judgment may simply be directed against the assets, thus:
>
>> C. *Impleading Unnecessary Re Firms which are the Res of the Actions*
>>
>> And as to corporations organized with ill-gotten wealth, but are not themselves guilty of misappropriation, fraud or other illicit conduct – in other words, the companies themselves are the object or thing involved in the action, **the res thereof - there is no need to implead them either.** Indeed, their impleading is not proper on the strength alone of their having been formed with ill-gotten funds, absent any other particular wrongdoing on their part. **The judgment may simply be directed against the shares of stock shown to have been issued in consideration of ill-gotten wealth.** x x x
>>
>> x x x In this light, *they are simply the res in the actions for the recovery of illegally acquired wealth,* and there is, in principle, no cause of action against them and no ground to implead them as defendants in said actions. x x x [42] (Additional emphasis supplied)

The doctrine of *res judicata* has two aspects. The first, known as "bar by prior judgment," or "estoppel by verdict," is the effect of a judgment as a bar to the prosecution of a second action upon the same claim, demand or cause of action. The second, known as "conclusiveness of judgment," otherwise known as the rule of *auter action pendent,* ordains that issues actually and directly resolved in a former suit cannot again be raised in any future case between the same parties involving a different cause of action.[43]

> [C]onclusiveness of judgment – states that a fact or question which was in issue in a former suit and there was judicially passed upon and determined by a court of competent jurisdiction, is conclusively settled by the judgment therein as far as the parties to that action and persons in privity with them are concerned and cannot be again litigated in any future action between such parties or their privies, in the same court or any other court of concurrent jurisdiction on either the same or different cause of action, while the judgment remains unreversed by proper authority. It has been held that in order that a judgment in one action can be conclusive as to a particular matter in another action between the same parties or their privies, ***it is essential that the issue be identical. If a particular point or question is in issue in the second action, and the judgment will depend on the determination of that particular point or question, a former judgment between the same parties or their privies will be final and conclusive in the second if that same point or question was in issue and adjudicated in the first suit. Identity of cause of action is not required but merely identity of issues.***[44] (Emphasis and italics supplied)

We have applied the doctrine of *conclusiveness* of judgment in a previous case involving ownership of shares of stock in a sequestered corporation, as follows:

> In cases wherein the doctrine of "conclusiveness of judgment" applies, there is, as in Civil Case No. 0034 and Civil Case No. 0188 identity of issues not necessarily identity of causes of action. ***The prior adjudication of the Sandiganbayan affirmed by this Court in G.R. No. 140615, as to the ownership of the 1/7 Piedras shares of Arambulo, is conclusive in the second case, as it has been judicially resolved.***
>
> The filing of Civil Case No. 0188, although it has a different cause of action from Civil Case No. 0034, will not enable the PCGG to escape the operation of the principle of *res judicata*. A case litigated once shall not be relitigated in another action as it would violate the interest of the State to put an end to litigation – *republicae ut sit litium* and the policy that no man shall be vexed twice for the same cause – *nemo debet bis vexari et eadem causa*. Once a litigant's rights had been adjudicated in a valid final judgment by a competent court, he should not be granted an unbridled license to come back for another try.[45] (Additional italcis and emphasis supplied)

We hold that *res judicata* under the second aspect (conclusiveness of judgment) is applicable in this case. The issue of ownership of the sequestered CIIF companies and CIIF SMC Block of Shares was directly and actually resolved by the Sandiganbayan and affirmed by this Court in *COCOFED v. Republic*. More important, in the said decision, we categorically affirmed the resolutions issued by the Sandiganbayan in Civil Case Nos. 0033-A and 0033-F "THAT THERE IS NO MORE NECESSITY OF FURTHER TRIAL WITH RESPECT TO THE ISSUE OF OWNERSHIP OF (1) THE SEQUESTERED UCPB SHARES, (2) THE CIIF BLOCK OF SMC SHARES, AND (3) THE CIIF COMPANIES, AS THEY HAVE FINALLY BEEN ADJUDICATED IN THE AFOREMENTIONED PARTIAL SUMMARY JUDGMENTS DATED JULY 11, 2003 AND MAY 7, 2004." Among the admitted facts set forth in the Order dated February 23, 2004 is the acquisition by UCPB of the "**controlling interests**" in the six CIIF oil mills. The Partial Summary Judgment further quoted from the Answer to Third Amended Complaint (Subdivided) with Compulsory Counterclaims dated January 7, 2000 filed by the CIIF oil mills and 14 holding companies, in which they also alleged that pursuant to the authority granted to it by P.D. 961 and P.D. 1568, "UCPB acquired **controlling interests**" in the six CIIF oil mills.[46]

In the same decision we specifically upheld the Sandiganbayan's findings and conclusion on the issue of ownership of the CIIF OMG, the 14 holding companies and the CIIF SMC Block of Shares, *viz*.:

The CIIF Companies and the CIIF Block of SMC shares are public funds/assets

> From the foregoing discussions, it is fairly established that the coconut levy funds are special public funds. Consequently, **any property purchased by means of the coconut levy funds should likewise be treated as public funds or public property,** subject to burdens and restrictions attached by law to such property.
>
> **In this case, the 6 CIIF Oil Mills were acquired by the UCPB using coconut levy funds. On the other hand, the 14 CIIF holding companies are wholly owned subsidiaries of the CIIF Oil Mills.** Conversely, these companies were acquired using or whose capitalization comes from the coconut levy funds. However, as in the case of UCPB, UCPB itself distributed a part of its investments in the CIIF oil mills to coconut farmers, and retained a part thereof as administrator. The portion distributed to the supposed coconut farmers followed the procedure outlined in PCA Resolution No. 033-78. And as the administrator of the CIIF holding companies, the UCPB authorized the acquisition of the SMC shares. In fact, these companies were formed or organized solely for the purpose of holding the SMC shares. As found by the Sandiganbayan, the 14 CIIF holding companies used borrowed funds from the UCPB to acquire the SMC shares in the aggregate amount of P1.656 Billion.
>
> Since the CIIF companies and the CIIF block of SMC shares were acquired using coconut levy funds – funds, which have been established to be public in

character – it goes without saying that these acquired corporations and assets ought to be regarded and treated as government assets. Being government properties, they are accordingly owned by the Government, for the coconut industry pursuant to currently existing laws.

It may be conceded hypothetically, as COCOFED, *et al.* urge, that the 14 CIIF holding companies acquired the SMC shares in question using advances from the CIIF companies and from UCPB loans. But there can be no gainsaying that the same advances and UCPB loans are public in character, constituting as they do assets of the 14 holding companies, which in turn are wholly-owned subsidiaries of the 6 CIIF Oil Mills. And ***these oil mills were organized, capitalized and/or financed using coconut levy funds***. In net effect, the CIIF block of SMC shares are simply the fruits of the coconut levy funds acquired at the expense of the coconut industry. In *Republic v. COCOFED,* the *en banc* Court, speaking through Justice (later Chief Justice) Artemio Panganiban, stated: "*Because the subject UCPB shares were acquired with government funds, the government becomes their prima facie beneficial and true owner."* By parity of reasoning, the adverted block of SMC shares, acquired as they were with government funds, belong to the government as, at the very least, their beneficial and true owner.

We thus affirm the decision of the Sandiganbayan on this point. But as We have earlier discussed, reiterating our holding in *Republic v. COCOFED*, the State's avowed policy or purpose in creating the coconut levy fund is for the development of the entire coconut industry, which is one of the major industries that promotes sustained economic stability, and not merely the livelihood of a significant segment of the population. Accordingly, **<u>We sustain the ruling of the Sandiganbayan in CC No. 0033-F that the CIIF companies and the CIIF block of SMC shares are public funds necessarily owned by the Government</u>*. We, however, modify the same in the following wise: These shares shall belong to the Government, which shall be used only for the benefit of the coconut farmers and for the development of the coconut industry*.**[47] (Emphasis and underscoring supplied)

In G.R. No. 180705, separately decided by this Court on November 27, 2012, we also affirmed the Sandiganbayan's decision nullifying the shares of stock transfer to Eduardo M. Cojuangco, Jr. We held that as the coconut levy funds partake of the nature of taxes and can only be used for public purpose, and importantly, for the purpose for which it was exacted, i.e., the development, rehabilitation and stabilization of the coconut industry, they cannot be used to benefit—whether directly or indirectly—private individuals, be it by way of a commission, or as the PCA-Cojuangco Agreement words it, compensation. Accordingly, the UCPB shares of stock representing the 7.22% fully paid shares subject of the petition, with all dividends declared, paid or issued thereon, as well as any increments thereto arising from, but not limited to, the exercise of pre-emptive rights, were ordered reconveyed to the Government of the Republic of the Philippines, which shall "be used only for the benefit of all coconut farmers and for the development of the coconut industry."[48]

Having resolved that subject matter jurisdiction pertains to the Sandiganbayan and not the RTC, and that the petitions for declaratory relief are barred by our January 24, 2012 Decision which settled with finality the issue of ownership of the CIIF oil mills, the 14 holding companies and CIIF SMC Block of Shares, we deem it unnecessary to address the other issues presented.

WHEREFORE, the petitions are **GRANTED.** The Orders dated April 29, 2013 and June 28, 2013 in Civil Case No. 12-1251; and Omnibus Order dated May 15, 2013 (Branch 138) and Order dated December 4, 2013 in Civil Case Nos. 12-1251 and 12-1252 (consolidated petitions) of the Regional Trial Court of Makati City, Branch 59, are hereby **ANNULLED** and **SET ASIDE.** The petitions in Civil Case Nos. 12-1251 and 12-1252 filed by UCPB and COCOLIFE, respectively, are **DISMISSED.**

No pronouncement as to costs.

SO ORDERED.

Sereno, C.J., Carpio, Velasco, Jr., Brion, Bersamin, Del Castillo, Perez, Mendoza, Perlas-Bernabe, and *Leonen, JJ.*, concur.
Leonardo-De Castro, Peralta, and *Jardeleza, JJ.*, no part.
Reyes, J., on leave.

N O T I C E OF J U D G M E N T

Sirs/Mesdames:

Please take notice that on ___**August 11, 2015**___ a Decision/Resolution, copy attached herewith, was rendered by the Supreme Court in the above-entitled case, the original of which was received by this Office on September 4, 2015 at 9:28 a.m.

Very truly yours,
(SGD)
FELIPA G. BORLONGAN-ANAMA
Clerk of Court

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[1] *Navarro v. Metropolitan Bank & Trust Company,* 612 Phil. 462, 471 (2009).

[2] *Rollo* (G.R. No. 209447), pp. 52-56; *rollo* (G.R. No. 210901), pp. 52-61. The Omnibus Order dated May 15, 2013 was issued by Presiding Judge Josefino A. Subia of the RTC, Branch 138, Makati City.

[3] 679 Phil. 508 (2012).

[4] Id. at 528-536.

[5] Id. at 525-526.

[6] Supra note 3.

[7] 423 Phil. 735 (2001).

[8] As summarized in *Cojuangco, Jr. v. Republic,* G.R. No. 180705, November 27, 2012, 686 SCRA 472, 477-482.

[9] G.R. Nos. 177857-58 & 178193, September 4, 2012, 679 SCRA 604.

[10] Id. at 609-613.

[11] *Rollo* (G.R. No. 209447), pp. 172-195.

[12] *Rollo* (G.R. No. 210901), pp. 86-105.

[13] *Rollo* (G.R. No. 209447), p. 193.

[13-a] Records, pp. 92-122.

[13-b] Id. at 233-247.

[14] *Supra* note 3.

[15] 556 Phil. 615 (2007).

[16] 257 Phil. 459 (1989).

[17] *Rollo* (G.R. No. 210901), pp. 197-200.

[18] *Rollo* (G.R. No. 209447), pp. 344-345 and back page.

[19] 1997 Rules of Civil Procedure, as amended, Rule 65, Section 1.

[20] Id., Rule 7, Section 4.

[21] *Mediserv, Inc. v. Court of Appeals*, 631 Phil. 282, 290 (2010), citing *Pajuyo v. Court of Appeals,* G.R. No. 146364, June 3, 2004, 430 SCRA 492, 509.

[22] 1997 Rules of Civil Procedure, as amended, Rule 7, Section 5.

[23] *Fuentebella v. Castro,* 526 Phil. 668, 674 (2006).

[24] *Cong. Torres-Gomez v. Codilla, Jr*., 684 Phil. 632, 644 (2012), citing *Spouses Alde v. Bernal*, 630 Phil. 54, 61 (2010).

[25] 361 Phil. 892 (1999).

[26] *Zamora v. Court of Appeals,* 262 Phil. 298, 304 (1990).

[27] *Veneracion v. Mancilla,* 528 Phil. 309, 326 (2006), citing *Tolentino v. Leviste,* 485 Phil. 661, 673 (2004) and Arnado v. Buban, A.M. No. MTJ-04-1543, May 31, 2004, 430 SCRA 382, 386.

[28] 243 Phil. 93 (1988).

[29] Id. at 102.

[30] 247 Phil. 191, 208 (1988).

[31] *COCOFED v. Republic,* supra note 3.

[32] *Cojuangco, Jr. v. Republic,* supra note 8.

[33] 576 Phil. 741 (2008).

[34] *Philippine Amusement and Gaming Corporation v. Court of Appeals,* 341 Phil. 432

(1997).

[35] Id. at 438-439.

[36] 561 Phil. 235 (2007).

[37] Id. at 246-252.

[38] Id. at 250.

[39] *PCGG v. Sandiganbayan*, 556 Phil. 664, 674 (2007), citing *Lanuza v. Court of Appeals,* 494 Phil. 51, 58 (2005), further citing *Republic v. Court of Appeals,* 381 Phil. 558, 564 (2000).

[40] Id. at 674-675, citing *Escareal v. Philippine Airlines, Inc.,* 495 Phil. 107, 118 (2005).

[41] Supra note 15.

[42] Id. at 620-621.

[43] *PCGG v. Sandiganbayan* (2nd Division), 590 Phil. 383, 396 (2008), citing *Spouses Rasdas v. Estenor,* 513 Phil. 664, 675 (2005).

[44] Id. at 396-397.

[45] Id. at 397.

[46] *Rollo* (G.R. No. 210901), pp. 167 and 177.

[47] *COCOFED v. Republic,* supra note 3, at 620-622.

[48] Supra note 8, at 536.