

EN BANC

[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]

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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.

The Case

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, against shares of stock in UCPB purportedly owned by or registered in the names of (a) more than a million coconut farmers and (b) the CIIF companies, including the SMC shares held by the CIIF companies.** 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*), **the 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