

FIRST DIVISION

[G.R. No. 165878, March 30, 2010]

**PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,
PETITIONER, VS. H. E. HEACOCK, INC. AND SANDIGANBAYAN
(1ST DIVISION), RESPONDENTS.**

D E C I S I O N

CARPIO MORALES, J.:

The present petition is one for certiorari and prohibition.

On July 16, 1987, the Presidential Commission on Good Government or PCGG (petitioner), on behalf of the Republic of the Philippines (the Republic), filed before the Sandiganbayan a complaint, docketed as Civil Case No. 0002,^[1] against former President Ferdinand E. Marcos and his wife Imelda, Spouses Imelda and Tomas Manotoc, Spouses Irene and Gregorio Ma. Araneta (Araneta) III, and Ferdinand R. Marcos, Jr. to recover alleged ill-gotten wealth, assets and other properties which they had acquired and/or conspired to acquire during Marcos' 20-year rule.

Annexed to the complaint^[2] was a list of alleged ill-gotten properties which included assets of respondent H. E. Heacock, Inc.^[3] (Heacock) in which Araneta owned four percent (4%) of its shares of stock.

The filing of Civil Case No. 0002 arose out of the Writ of Sequestration,^[4] issued by the PCGG on June 13, 1986 thru the lone signature of then Commissioner Mary Concepcion Bautista, placing under the control and possession of petitioner three corporations including Heacock.

Protesting its sequestration and the take-over of its warehouse at the South Harbor in Port Area, Manila, Heacock sought to intervene^[5] in Civil Case No. 0002, alleging that petitioner had arbitrarily and forcibly taken over the warehouse which it (petitioner) had leased to Greenfil Corporation, Inc. (Greenfil), despite the fact that it (Heacock) had already agreed to lease the same to the Inland Group of Companies (Inland).

Heacock had been leasing from the Republic, represented by the General Services Administration (GSA), the parcel of land on which its warehouse stood, under a series of lease agreements dating back to 1928.^[6]

In its complaint-in-intervention, Heacock prayed that petitioner be ordered to vacate and return to it the possession of the warehouse and to desist from interfering in any lease contract it entered into.

Petitioner opposed the motion for intervention, arguing that Heacock's cause of

action was completely unrelated to those in Civil Case No. 0002, hence, should be ventilated in a separate proceeding.

Finding petitioner's opposition well-taken, the Sandiganbayan (Third Division) denied Heacock's motion to intervene by Resolution of October 31, 1989.^[7]

Heacock thereupon filed a complaint dated February 22, 1990^[8] with the Sandiganbayan against petitioner and Greenfil, docketed as Civil Case No. 0101, alleging that since petitioner failed to take the requisite judicial action against Heacock arising from the writ of sequestration, earlier issued against it, within six months from ratification^[9] of the 1987 Constitution, the writ should be deemed automatically lifted pursuant to Section 26, Article XVIII of the 1987 Constitution.^[10]

Heacock stressed that, *inter alia*, petitioner could not point to Civil Case No. 0002 as the constitutionally-mandated judicial action or proceeding, said case having failed to implead it as a party-defendant. It added that only Araneta's shares of stock should have been seized.

Heacock added that petitioner's purported cancellation of its (Heacock) lease from the GSA and its act of contracting a new lease with Greenfil over the warehouse, despite its (Heacock's) having already entered into a lease arrangement with Inland, constituted abuse of authority being *ultra vires*.

Heacock thus prayed that judgment be rendered: 1) annulling the writ of sequestration against it and its shares of stock, as well as the lease contract between petitioner and Greenfil, and 2) ordering petitioner and Greenfil to vacate the warehouse and return its possession to it, deliver all rentals payable to petitioner under its contract of lease with Greenfil, and pay damages and attorney's fees.^[11]

Heacock later moved to lift sequestration^[12] based on the same grounds pleaded in its complaint. Acting on the motion, the Sandiganbayan (First Division) ruled in favor of Heacock by the first assailed Resolution of September 12, 1991,^[13] in light of, *inter alia*, the failure of petitioner to implead Heacock in an appropriate judicial proceeding following Sec. 26, Art. XVIII of the 1987 Constitution and consistent with this Court's August 12, 1991 decision in G.R. No. 92376, "*Republic v. Sandiganbayan, et al.*"^[14]

The Sandiganbayan thus ordered petitioner to, within 10 days, turn over to Heacock the possession of the warehouse and the premises located at 15th St., Port Area, Manila, and to submit to it (Sandiganbayan) a summary of all the amounts it had collected from lessee Greenfil.

Petitioner moved to reconsider the Sandiganbayan's Resolution of September 12, 1991, citing, *inter alia*, its inability to turn over possession of the warehouse and premises to Heacock as it had already turned them over to the Philippine Ports Authority (PPA), pursuant to Executive Order (E. O.) No. 321^[15] which provides for the PPA's exercise of jurisdiction over an expanded South Harbor Port Zone.

At all events, petitioner maintained that even assuming *arguendo* that it could still do so, Heacock had already lost its right to possession over the warehouse and premises due to non-payment of rentals. It added that since the land belongs to the government, the warehouse erected thereon became its property upon the expiration of the original lease contract on July 22, 1953; and that since what were sequestered were Araneta's shares of stock in Heacock, Civil Case No. 002 was seasonably filed.

Heacock later filed an Urgent Motion to Compel [petitioner] to Pay Rentals to PPA and to Collect Rentals and Interest from Greenfil,^[16] contending that under the two-year lease contract petitioner forged with Greenfil,^[17] it collected only P350,000 in annual rentals for the first year of the lease but neglected to collect any rentals, together with interests, for the second year; that PPA had already directed Heacock to settle its financial obligations including rental arrearages arising from the lease over the land; and that petitioner had not remitted the said amount to PPA to be applied to the annual rentals of P50,133 which Heacock owed the government under its original lease - which had been renewed for another 25 years effective May 22, 1982.

To Heacock, petitioner's willful refusal to remit the above-stated amount of rentals to the PPA was intended to render it (Heacock) in default on its original lease contract to the end that Greenfil could then be awarded a new lease.

Denying petitioner's motion for reconsideration and partially resolving Heacock's aforecited urgent motion, the Sandiganbayan (First Division), by its second assailed Resolution of September 13, 2004,^[18] held that its order lifting the writ of sequestration was in accordance with previous rulings of this Court, adding that in *Republic v. Sandiganbayan, et al.*^[19] the Court invalidated the therein subject writs of sequestration on account of the non-observance of petitioner's rule requiring the authority of at least two commissioners to issue a writ of sequestration.

Respecting Heacock's motion to compel petitioner to pay rentals to PPA, the Sandiganbayan held that while petitioner admittedly received P350,000 representing the rentals paid by Greenfil, compelling petitioner to pay the entire amount would amount to an adjudication of the merits of the case without affording petitioner and Greenfil the opportunity to present controverting evidence.

The Sandiganbayan thereupon ordered petitioner to undertake measures to coordinate with PPA for the implementation or reinforcement of its Resolution of September 12, 1991.

Thus the Sandiganbayan disposed:

WHEREFORE, for all the foregoing, the motion for reconsideration of defendant PCGG dated October 3, 1991 is hereby denied for lack of merit. **Upon the other hand, plaintiff's motion to compel defendant PCGG to pay rentals to PPA is partially resolved to the effect that defendant PCGG is hereby ordered to turn over to PPA the P350,000.00 rentals it received from defendant Greenfil Corporation to be applied to the existing arrears on rentals**

demanded from plaintiff. Whether defendant PCGG can be compelled to pay all the sums due based on the statement of account sent by PPA to defendant PCGG will be better addressed during the pre-trial or trial of these cases.

x x x x^[20] (Citations omitted; emphasis supplied)

Since petitioner had yet to file an answer to Heacock's complaint, the Sandiganbayan reminded petitioner of its available remedies arising from the denial of its motion for reconsideration.^[21]

Hence, the present petition for certiorari and prohibition filed by petitioner, ascribing to the Sandiganbayan grave abuse of discretion for:

1. . . . [GRANTING] TO PRIVATE RESPONDENT ALL OF THE RELIEFS AS PRAYED FOR IN ITS COMPLAINT DATED FEBRUARY 22, 1990 UPON A MERE MOTION TO LIFT SEQUESTRATION AND WITHOUT TRIAL ON THE MERITS [AND]

2. . . . [RULING] THAT PETITIONER SHOULD COORDINATE WITH [THE] PHILIPPINE PORTS AUTHORITY (PPA) FOR THE ENFORCEMENT OF THE RESOLUTION DATED SEPTEMBER 12, 1991.^[22]

Apart from questioning the propriety of the lifting of the writ of sequestration by mere motion, petitioner assails the grant by the Sandiganbayan of practically all the reliefs prayed for by Heacock in its complaint, despite the existence of other controverted factual issues necessitating trial on the merits.

Arguing that Heacock is not entitled to possession of the warehouse, petitioner asserts that Heacock failed to adduce sufficient proof that it still had a valid lease with the government over the land on which the warehouse stands, given that the original lease contract expired on July 22, 1953 and was extended only until May 22, 1957.

Respecting Heacock's presentation of a 2nd Indorsement dated August 8, 1983^[23] signed by then Minister Constancio Castañeda purportedly approving a renewal of the lease for another 25 years effective May 22, 1982, petitioner contends that the document is not a certified true copy of the original on file with the GSA, and no evidence was presented to confirm the Minister's authority to approve a renewal of the lease. It was thus obvious, petitioner claims, that upon termination of the lease and on account of Heacock's failure to pay its accumulated rental arrears amounting to more than P700,000, the warehouse already became government property pursuant to the terms of the original lease agreement.^[24]

Finally, petitioner reiterates its claim that it is no longer in a position to turn over possession of the warehouse and its premises to Heacock as it had already turned over the same to the PPA.

The petition does not impress.