

EN BANC

[G.R. No. 103068, June 22, 2001]

**MEAT PACKING CORPORATION OF THE PHILIPPINES,
PETITIONER, VS. THE HONORABLE SANDIGANBAYAN, THE
PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT AND
PHILIPPINE INTEGRATED MEAT CORPORATION, RESPONDENTS.**

DECISION

YNARES-SANTIAGO, J.:

This is a petition for *certiorari*, *mandamus* and prohibition, assailing the Resolutions of the Sandiganbayan in Civil Case No. 0024, dated July 2, 1991 and November 29, 1991, directing petitioner to accept the tender of payment of rentals by the Presidential Commission on Good Government (hereinafter, PCGG).

Petitioner Meat Packing Corporation of the Philippines (hereinafter, MPCP), is a corporation wholly owned by the Government Service Insurance System (GSIS). It is the owner of three (3) parcels of land situated in Barrio Ugong, Pasig City, as well as the meat processing and packing plant thereon. On November 3, 1975, MPCP and the Philippine Integrated Meat Corporation (hereinafter, PIMECO) entered into an Agreement^[1] whereby MPCP leased to PIMECO, under a lease-purchase arrangement, its aforesaid property at an annual rental rate of P1,375,563.92, payable over a period of twenty-eight years commencing on the date of execution of the Agreement, or for a total consideration of P38,515,789.87. The Agreement contained rescission clauses, to wit:

5. If for any reason whatsoever the LESSEE-VENDEE should fail or default in the payment of rentals equivalent to the cumulative sum total of three (3) annual installments, this Agreement shall be deemed automatically cancelled and forfeited without need of judicial intervention, and LESSOR-VENDOR shall have the complete and absolute power, authority, and discretion, and without reservation by the LESSEE-VENDEE, to dispose of, sell, transfer, convey, lease, assign, or encumber the project to any person or persons, natural or juridical, in the same manner as if this lease-purchase arrangement was never entered into. In the event of such cancellation or forfeiture, the LESSEE-VENDEE unconditionally agrees that all forms of money paid or due from the LESSEE-VENDEE shall be considered as rentals for the use and occupancy of the project, and the LESSEE-VENDEE hereby waives and forfeits all rights to ask for and demand the return or reimbursement thereof.^[2]

xxx xxx xxx.

16. Violation of any of the terms and conditions of this Agreement shall

be sufficient ground for the LESSOR-VENDOR to rescind and/or consider null and void this Agreement without need of judicial intervention by giving the LESSEE-VENDEE one hundred eighty (180) days written notice to that effect, which shall be final and binding on the LESSEE-VENDEE, and the LESSEE-VENDEE shall thereupon leave and vacate the project, provided that if LESSEE-VENDEE has subleased portions of the project, LESSEE-VENDEE shall relinquish all its rights and/or interests over the sublease contracts in favor of the LESSOR-VENDOR. LESSEE-VENDEE shall leave all improvements, whether finished or unfinished, in good and serviceable condition immediately after the corresponding notice in writing has been received by the LESSEE-VENDEE, and all said improvements shall automatically belong to and become the property of the LESSOR-VENDOR without liability or obligation on the part of the LESSOR-VENDOR to pay for the value thereof. LESSEE-VENDEE further holds the LESSOR-VENDOR free and harmless from any and all liabilities arising from and/or connected with such sublease contracts.^[3]

Subsequently, on November 3, 1975, MPCP and PIMECO entered into a Supplementary and Loan Agreement,^[4] whereby, in consideration of the additional expenditures incurred by MPCP for rehabilitating and refurbishing the meat processing and packing plant, the total contract price of the lease-purchase agreement was increased to P93,695,552.59, payable over a period of twenty-eight years commencing on January 1, 1981, at the annual rental rate of P3,346,269.70.

On March 17, 1986, the PCGG, in a letter signed by then Commissioner Ramon A. Diaz, sequestered all the assets, properties and records of PIMECO.^[5] The sequestration included the meat packing plant and the lease-purchase agreement.

MPCP wrote a letter on November 17, 1986 to PIMECO,^[6] giving notice of the rescission of the lease-purchase agreement on the ground, among others, of non-payment of rentals of more than P2,000,000.00 for the year 1986.

GSIS asked the PCGG to exclude the meat packing plant from the sequestered assets of PIMECO, inasmuch as the same is owned by MPCP. However, PCGG denied the request. Likewise, MPCP sought the turnover to it of the meat packing plant on the ground that the lease-purchase agreement had already been rescinded. Acceding to this, PCGG passed on January 24, 1989 a resolution stating thus:

WHEREAS, the Presidential Commission on Good Government at its session en banc on September 20, 1988 ordered the transfer of subject property, consisting of a meat packing complex including the land located at Barrio Ugong, Pasig, Metro Manila, to the GSIS under the condition then that the PCGG management team might continue its operations for the purpose of completing the outstanding orders up to December 1988;

WHEREAS, the Government Service Insurance System has shown, to the satisfaction of the Commission, that it owns the said plant complex; that it has the legal and equitable right to regain possession and control thereof; that whatever claim PIMECO had to the complex under its so-called agreement to lease/purchase with GSIS/MPCP has been validly

rescinded by the GSIS; and that the projected turn-over to the GSIS will not adversely affect the ill-gotten wealth case pending against "crony" Peter Sabido before the Sandiganbayan;

WHEREFORE, the turn-over to the GSIS of the said property should be done forthwith upon compliance with these conditions, to be implemented by the Operations and Legal Departments: (a) joint PCGG-COA audit; (b) approval by the Sandiganbayan; and (c) execution of a Memorandum of Agreement to contain these stipulations, among others: (a) that the shares of Peter Sabido in PIMECO are subject to the Sandiganbayan case; (b) that any disposition or transfer by the GSIS of said property or any part thereof shall be with the conformity of the PCGG; and (c) that this Memorandum be annotated on the title of the property.^[7]

Meanwhile, PCGG instituted with the Sandiganbayan on July 29, 1987 a complaint for reconveyance, reversion, accounting, restitution and damages, docketed as Civil Case No. 0024, entitled, *"Republic of the Philippines, Plaintiff versus Peter Sabido, et al., Defendants."*^[8] The complaint alleged, in pertinent part, that Peter Sabido obtained, under favored and very liberal terms, huge loans from the GSIS in favor of PIMECO, among other corporations, which was beneficially held and controlled by defendants Peter Sabido, Roberto S. Benedicto and Luis D. Yulo; and that PIMECO was granted the monopoly to supply meat products in the Greater Manila Area.

Defendant Peter Sabido filed his answer,^[9] alleging that the acts, deeds, transactions and contracts referred to in the complaint were negotiated and/or executed by his father, the late Roberto M. Sabido, and not by him; and that, far from being illegal, the acts performed or committed by the late Roberto M. Sabido as a corporate officer of PIMECO were done in good faith, to the best of his ability and in accordance with law, and whatever income he received as an officer of PIMECO and whatever assets or properties he acquired during his lifetime were the fruits of his dedication to his profession, hard work, and honest labor.

On April 28, 1989, defendant Sabido filed with the Sandiganbayan an Urgent Manifestation and Motion,^[10] to the effect that he has come across newspaper reports stating that PCGG intends to turn over the management, control and possession of PIMECO to the GSIS and MPCP. Sabido also learned from a reliable source that the PCGG has passed a resolution to implement the said turnover. Hence, Sabido argued that inasmuch as PIMECO was a sequestered asset, the projected turnover must be approved by the Sandiganbayan. He prayed that PCGG be required to admit or deny these matters.

The Sandiganbayan, in a Resolution dated May 4, 1989,^[11] ordered the PCGG to submit its comment as to the veracity of the alleged turnover of the management, control and possession of PIMECO to the GSIS or MPCP, and if true, to furnish movant Sabido a copy of the PCGG resolution approving the same.

Meanwhile, on May 20, 1989, Sabido filed an Urgent Manifestation and Motion,^[12] alleging that, according to newspaper accounts, PCGG had in fact already turned over the management and operation of PIMECO to the GSIS/MPCP. Thus, he prayed

that the transfer of the management, control and possession of PIMECO to GSIS be declared null and void *ab initio* for having been done without the approval of the Sandiganbayan.

Sometime thereafter, the Sandiganbayan received a letter^[13] from members of the PIMECO Labor Union, praying for the maintenance of the *status quo* to enable PIMECO to continue its business operations and to ensure their continuity of work and security of tenure. Thus, on June 2, 1989, the Sandiganbayan issued a Resolution, the dispositive portion of which reads:

WHEREFORE, in the interest of justice, and conformably with this Court's adherence to the rule of law, to the end that undue prejudice and/or injury may be avoided to any and all parties affected by these proceedings, especially the avoidance of any cessation in the operations of PIMECO, a temporary restraining order is hereby issued commanding the Presidential Commission on Good Government, their officers, agents, representatives, monitors or persons acting in their behalf or stead, to cease and desist from enforcing the contemplated turnover of the management, control and possession of PIMECO to the Meat Packing Corporation of the Philippines until further orders. In view of the serious issues involved, let the instant incident be re-scheduled for hearing and consideration on June 6, 1989, at 2:30 o'clock p.m.

SO ORDERED.^[14]

On June 22, 1989, Sabido filed with the Sandiganbayan a Motion for the Issuance of a Writ of Preliminary Injunction, alleging that the PCGG, in an Order dated May 11, 1989, had ordered that the *status quo* as regards the management and operations of PIMECO be maintained pending submission of inventory and financial audit. However, at the hearings of this incident, it was sufficiently shown that the transfer of PIMECO to MPCP will result in the dissipation of assets which will cause irreparable injury to Sabido's rights and interests in the company in the event that the Sandiganbayan shall ultimately rule that the same was not ill-gotten.

The Sandiganbayan, finding that the PCGG committed grave abuse of authority, power and discretion in unilaterally terminating the lease-purchase agreement of PIMECO with MPCP and in turning over its management, control and operation to the latter, ordered the issuance of a writ of preliminary injunction, to wit:

WHEREFORE, finding the verified application for issuance of a writ of preliminary injunction to be sufficient in form and substance and that after due hearing, it appears that great and irreparable injury will be caused not only to defendant-applicant but also to PIMECO should the acts sought to be enjoined be allowed to be done or performed, accordingly, upon defendant-applicant's posting of a bond of P50,000.00, let the corresponding writ of preliminary injunction issue commanding the Presidential Commission on Good Government, its officers, representatives, nominees or agents from proceeding or consummating the projected turnover of PIMECO to the GSIS-MPCP or to interfere with

its present management and operations, until further orders of this Court.

SO ORDERED.^[15]

Accordingly, upon the posting of the requisite bond, the Writ of Preliminary Injunction was issued on July 10, 1989, enjoining the Presidential Commission on Good Government, its officers, representatives, nominees or agents, from proceeding or consummating the projected turn-over of PIMECO to GSIS-MPCP or to interfere with its present management and operations, until further orders from this Court.^[16]

PCGG filed a Motion for Reconsideration of the Resolution of June 22, 1989. On August 3, 1989, the Sandiganbayan issued its Resolution, viz:

WHEREFORE, premises considered, plaintiff's "Motion for Reconsideration (Re: Resolution dated June 22, 1989)" dated July 3, 1989 is hereby GRANTED, and the dispositive portion of Our Resolution of June 22, 1989, ordered amended to read as follows:

"WHEREFORE, finding the verified application for issuance of a writ of preliminary injunction to be sufficient in form and substance and that after due hearing, it appears that great and irreparable injury will be caused not only to defendant-applicant but also to PIMECO should the acts sought to be enjoined be allowed to be done or performed, accordingly, upon defendant-applicant's posting of a bond of P50,000.00, let the corresponding writ of preliminary injunction issue commanding the Presidential Commission on Good Government, its officers, representatives, nominees or agents from proceeding or consummating the projected turnover of PIMECO to the GSIS-MPCP until further orders of this Court and from replacing, dismissing, demoting, reassigning, grounding, or otherwise prejudicing the present members of the PCGG management team in PIMECO, except for valid and serious reasons not attributable to or arising from their objection or opposition to or activities of statements against the said turnover."

SO ORDERED.^[17]

Thereafter, the Sandiganbayan continued to conduct hearings on the issue of the validity of the turn-over of the meat packing plant to GSIS. On November 29, 1989, it issued a Resolution disposing thus:

WHEREFORE, considering the attendant circumstances of the present incident in light of the standard laid down by the Supreme Court, this Court finds and holds: