

**\*\*Title:** Bank of Commerce and Bangko Sentral ng Pilipinas vs. Planters Development Bank**\*\***

**\*\*Facts:\*\***

This case involved conflicting claims over Central Bank (CB) bills initially owned by Rizal Commercial Banking Corporation (RCBC), then ostensibly sold and transferred through a series of transactions to Bank of Commerce (BOC) and subsequently to Planters Development Bank (PDB). The transactions included sales that were evidenced by “Detached Assignments” and a swap of Treasury Bills for CB bills, with PDB eventually claiming ownership based on possession of the Detached Assignments. The dispute revolved around whether these transactions effectively transferred ownership of the CB bills and if PDB’s manner of retaining the Detached Assignments sufficed to cement its claim over the CB bills.

Upon the CB bills nearing maturity and Planters Development Bank learning of their transfer to other entities, PDB sought to have its claim recorded in the Bangko Sentral ng Pilipinas’ (BSP) books and to prevent payment to any other party, arguing imperfect negotiation and/or subsequent transfers did not divest its ownership. BSP, adhering to its regulations, denied PDB’s requests, leading to PDB filing separate petitions in the Regional Trial Court (RTC) of Makati against BSP, RCBC, and later BOC and All Asia (subsequent holders of the CB bills) for mandamus, prohibition, and injunction.

The RTC initially enjoined the payment of the CB bills, with subsequent orders and developments including motions for and grants of interpleader, essentially returning the dispute of ownership to the judicial arena. The RTC eventually dismissed all petitions and counterclaims for lack of jurisdiction over the matter, prompting appeals to the Supreme Court by both BOC and BSP.

**\*\*Issues:\*\***

1. Whether the RTC has jurisdiction over conflicts arising from transactions involving CB bills.
2. The appropriateness of the remedy of interpleader in resolving the conflicting claims over the CB bills.
3. The validity of PDB’s claims over the CB bills despite not having them physically or reflected in the BSP’s records.
4. Whether CB Circular No. 28 or CB Circular No. 769-80 governs the resolution of conflicting claims concerning CB bills.

**\*\*Court's Decision:\*\***

The Supreme Court granted the petitions, holding that:

1. The RTC, as a court of general jurisdiction, holds the authority to resolve the issue of ownership over CB bills, rejecting the restrictive view of jurisdiction asserted by PDB and acknowledging a misapplication of the doctrine of primary jurisdiction.
2. The remedy of interpleader was appropriately applied by the RTC, properly directing the conflicting claimants (BOC and PDB) to litigate their claims among themselves.
3. BSP lacks the quasi-judicial authority to adjudicate the ownership disputes over CB bills, as such authority is not conferred by its enabling statutes or regulations.
4. CB Circular No. 769-80 implicitly repealed or modified CB Circular No. 28 concerning the handling of disputes over fraudulently assigned CB certificates, limiting the BSP's role to issuing stop orders and mandating resolution through judicial or amicable settlement.

**\*\*Doctrine:\*\***

The Supreme Court clarified that Regional Trial Courts possess the jurisdiction to adjudicate disputes over the ownership of Central Bank bills in cases where conflicting claims are presented. Further, it delineated the role of the Bangko Sentral ng Pilipinas in dispute resolution over securities issued by it, constraining it to administrative functions and devoid of quasi-judicial powers to adjudicate ownership disputes.

**\*\*Class Notes:\*\***

- Conflicting claims over negotiable instruments like Central Bank bills, when entailing ownership and rights issues, fall within the jurisdiction of courts of general jurisdiction, not the administratively limited jurisdiction of the issuing government bank.
- Interpleader is an appropriate remedy when an entity holds property or money subject to conflicting claims, safeguarding the stakeholder from multiple liabilities.
- The doctrine of primary jurisdiction does not apply when the dispute does not involve technical considerations or specialized agency expertise but concerns legal rights and entitlements properly deliberated by judicial courts.
- Administrative agencies' rules and circulars cannot expand their statutory-granted powers, especially in adjudicating rights disputes beyond their regulatory or supervisory remit.

**\*\*Historical Background:\*\***

This case illuminates the intricate dynamics between Philippine banking institutions and their regulatory bodies, analyzing the parameters of judicial versus administrative jurisdiction in financial instrument disputes. It underscores the evolutionary legal

framework governing securities, particularly CB bills, within the country's financial system, reflecting on the statutory limitations of administrative bodies like the BSP in resolving ownership conflicts. The resolution of such disputes, as posited by this case, necessitates judicial intervention to uphold fairness and legal certainty in commercial transactions.