

****Title:**** *Pilipinas Shell Petroleum Corporation vs. Court of Tax Appeals En Banc et al.*

****Facts:****

Pilipinas Shell Petroleum Corporation (Shell) filed a Petition for Certiorari challenging the Court of Tax Appeals (CTA) En Banc Resolutions dated September 2, 2014, and April 8, 2015, which dismissed its Motion to Suspend Proceedings in the case involving the taxability of Shell's catalytic cracked gasoline (CCG) and light catalytic cracked gasoline (LCCG) importations (referred to as the CCG/LCCG Case). Shell imports these products to use and blend with other substances to produce finished motor gasoline compliant with the Clean Air Act. Similarly, Shell had a pending case before the CTA First Division regarding the taxability of alkylate importations (Alkylate Case).

Shell requested the suspension of the CCG/LCCG Case awaiting the resolution and potential elevation of the Alkylate Case to the En Banc for a joint resolution, arguing both cases had the same core issue: the taxability of imported substances not intended for sale but used for blending to produce finished-grade motor gasoline. The CTA En Banc refused this request, stating a suspension due to a prejudicial question could only happen in the context of a pending criminal proceeding, and Shell should have sought consolidation under Rule 31 of the Rules of Court instead.

Shell's failure to request consolidation implied different evidentiary matters between the two cases. Moreover, the CTA found Shell's concerns speculative, leading to Shell's petition to the Supreme Court, claiming the CTA En Banc's refusal constituted grave abuse of discretion.

****Issues:****

1. Whether the CTA En Banc gravely abused its discretion in refusing to suspend the proceedings of the CCG/LCCG case pending the resolution of the Alkylate Case by the CTA First Division.

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

The Supreme Court dismissed the petition on grounds of mootness, as the main relief Shell sought (suspension of the CCG/LCCG Case) became irrelevant following the CTA En Banc's resolution of the case in an amended decision dated September 28, 2015. The Court noted that engaging in Shell's request would serve no practical legal effect since the questioned

proceedings had already been resolved, and any decision on the matter would be unenforceable. Furthermore, the Court did not find any grave abuse of discretion on the part of the CTA En Banc in denying the motion to suspend. Consolidation or severance of cases is at the court's discretion, intended to avoid unnecessary costs or delays. The Court concluded that Shell's speculative concerns did not warrant a suspension or consolidation.

****Doctrine:****

- The mootness doctrine dictates that courts will not entertain cases in which a resolution will have no practical effect or cannot be enforced.
- The discretion on whether to consolidate cases lies with the court where proceedings are pending, aimed at ensuring justice is served without unnecessary expenditure or complications for the litigants.

****Class Notes:****

1. ****Mootness Doctrine:**** A legal principle preventing courts from providing rulings on disputes that no longer present a justiciable controversy due to intervening events.
2. ****Consolidation of Cases:**** Pursuant to Rule 31 of the Rules of Court, this procedural mechanism allows for the joint hearing, trial, or consolidation of actions sharing common questions of law or fact, subject to the discretion of the presiding court.
3. ****Rule 31 of the Rules of Court:**** Outlines the procedure and criteria for consolidation of cases, employed to minimize legal costs, prevent abuse, and expedite proceedings.
4. ****Prejudicial Questions:**** The principle that suspension of a civil case is permissible only if it hinges on a prejudicial question arising in a related and pending criminal proceeding.
5. ****Grave Abuse of Discretion:**** Pertains to instances where a court or tribunal acts in a manner that is capricious, whimsical, or arbitrary, demonstrating a significant deviation from established legal norms or procedures.

****Historical Background:****

The case signifies Shell's legal challenge against the Philippine tax authorities' stance on the taxability of imported substances used for blending to produce compliant motor gasoline. Within a broader context, it reflects the complexities and disputes between multinational corporations and local regulatory frameworks over tax liabilities and the

interpretation of tax laws, illustrating the procedural intricacies involved in the Philippine legal system regarding tax controversies and the principle of judicial review's limitations.