

**\*\*Title:\*\*** Meat Packing Corporation of the Philippines vs. The Honorable Sandiganbayan, The Presidential Commission on Good Government, and Philippine Integrated Meat Corporation

**\*\*Facts:\*\*** The Meat Packing Corporation of the Philippines (MPCP), a corporation owned by the Government Service Insurance System (GSIS), engaged in a lease-purchase agreement with Philippine Integrated Meat Corporation (PIMECO) providing for the lease of a property and meat processing plant in Barrio Ugong, Pasig City, under specific terms including rescission clauses for non-payment of rentals. The Presidential Commission on Good Government (PCGG) sequestered PIMECO's assets in 1986, including the property leased from MPCP. MPCP attempted to rescind the lease-purchase agreement due to non-payment and requested the turnover of the property from PCGG, which was later resolved by PCGG to turn over the property to GSIS with conditions, including Sandiganbayan's approval. Subsequent legal actions involved debates over the validity of the lease-purchase agreement's rescission, PCGG's tender of payment for rentals, and the jurisdiction of the Sandiganbayan over MPCP. The Sandiganbayan's decision to direct MPCP to accept PCGG's payment and its jurisdiction were contested by MPCP, leading to its petition for certiorari, mandamus, and prohibition.

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

1. Whether the lease-purchase agreement between MPCP and PIMECO was validly rescinded.
2. Whether the Sandiganbayan had jurisdiction over MPCP in Civil Case No. 0024.
3. Whether PCGG's tender of payment for back rentals was valid and should be accepted by MPCP.
4. Whether MPCP voluntarily submitted itself to the jurisdiction of the Sandiganbayan.

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

The Supreme Court dismissed the petition, upholding the Sandiganbayan's resolutions. It found that:

1. The tender and consignment of payment by PCGG were validly made, and MPCP was directed to accept the payment as it effectively prevented the rescission of the lease-purchase agreement.
2. MPCP had voluntarily submitted itself to the jurisdiction of the Sandiganbayan through active participation in the proceedings and seeking affirmative relief, thereby precluding itself from contesting the Sandiganbayan's jurisdiction.
3. The lease-purchase agreement had not been validly rescinded as conditions for rescission

were not conclusively met, particularly in light of PCGG's payment reducing the arrears below the threshold for rescission.

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

- The decision elucidated the principles surrounding consignation as a means to extinguish obligations when the creditor refuses the tender of payment without just cause, as well as detailed the conditions under which a contract may be deemed rescinded.
- It also reiterated the jurisdictional doctrine that voluntary appearance and active participation in court proceedings constitute submission to the court's jurisdiction.

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

- Contract Rescission: Requirements for rescinding a contract, particularly lease-purchase agreements, include the failure to meet the obligation beyond a specific threshold and non-fulfillment of conditions precedent for valid termination.
- Consignation: The legal process by which a debtor can discharge liabilities when a creditor refuses payment without just cause, resulting in the obligations being considered as extinguished.
- Jurisdiction: Voluntary participation and active involvement in legal proceedings amount to recognition of the court's jurisdiction, barring the participant from later challenging it.

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

This case is set against the backdrop of the PCGG's efforts to recover ill-gotten wealth following the Marcos regime in the Philippines. It highlights the complex interactions between government corporations, entities under sequestration, and the legal challenges involved in unwinding transactions deemed detrimental to the state's interests.