

### Title:

\*\*Metropolitan Bank and Trust Company vs. Hon. Edilberto G. Sandoval, et al.\*\*

### Facts:

On July 17, 1987, the Republic of the Philippines initiated a lawsuit in the Sandiganbayan aimed at recovering alleged ill-gotten wealth from Ferdinand E. Marcos, Imelda R. Marcos, and others, including real estate properties in Quezon City. In 2001, the Republic sought to include Asian Bank Corporation (now succeeded by Metropolitan Bank and Trust Company, hereinafter Metrobank) as an additional defendant, alleging bad faith in the bank's acquisition of said properties due to purported knowledge of their sequestered status. The motion to amend the complaint to implead Asian Bank was granted by the Sandiganbayan. Asian Bank objected to a subsequent motion by the Republic for a separate trial specifically against it, arguing that such separation would deprive it of the opportunity to challenge evidence presented before it was made a party to the case. Despite Asian Bank's contention, the Sandiganbayan approved the Republic's motion for separate trial, prompting Asian Bank to seek reconsideration, which was denied. Metrobank, as the successor-in-interest of Asian Bank, escalated the matter to the Supreme Court, challenging the Sandiganbayan's decisions on several grounds including the propriety of the separate trial and jurisdiction over the claim.

### Issues:

1. Whether the Sandiganbayan committed a grave abuse of discretion by approving a separate trial for Metrobank.
2. Whether the Sandiganbayan erred in determining its jurisdiction over the Republic's claim against Metrobank.

### Court's Decision:

The Supreme Court partly granted Metrobank's petition. It held that the Sandiganbayan did commit a grave abuse of discretion in granting the Republic's motion for separate trial. The issues against Metrobank were not so distinct from those against the original defendants to warrant a separate trial, and conducting such separate proceedings could deprive Metrobank of its due process rights. However, the Court also determined that the Sandiganbayan correctly upheld its jurisdiction over the Republic's claim against Metrobank, based on laws governing the recovery of ill-gotten wealth which pertain to the exclusive and original jurisdiction of the Sandiganbayan.

### Doctrine:

The Supreme Court reiterated the principles regarding separate trials under Section 2, Rule 31 of the Rules of Court, stating that separate trials should only be undertaken in exceptional cases where there are special and persuasive reasons for doing so. It also confirmed the Sandiganbayan's original exclusive jurisdiction over cases involving the recovery of ill-gotten wealth, including incidents arising from or related to such cases.

### Class Notes:

- **Separate Trials**: Should be the exception, not the rule. Permitted only under special circumstances to avoid prejudice, further convenience, or promote justice.
- **Jurisdiction over Ill-gotten Wealth**: The Sandiganbayan has exclusive original jurisdiction over cases related to the recovery of ill-gotten wealth, including all incidents and claims connected to such cases, as per Presidential Decree No. 1606, as amended by Republic Acts No. 7975 and No. 8249, and Executive Orders No. 1, No. 2, No. 14, and No. 14-A.
- **Doctrine of Grave Abuse of Discretion**: Occurs when a court acts in a capricious, whimsical, arbitrary, or despotic manner equivalent to lack or excess of its jurisdiction, as illustrated by the Sandiganbayan's decision to grant a separate trial.
- **Due Process Rights in Property Litigation**: Parties must be given a fair opportunity to contest claims and evidence against them, particularly when those claims implicate the ownership and legality of property acquisition.

### Historical Background:

This case is situated within the broader context of efforts to recover wealth amassed through abuse of power during the Marcos regime in the Philippines. The creation of the Sandiganbayan and the promulgation of executive orders and laws under President Corazon Aquino's administration were pivotal in addressing the accumulation of ill-gotten wealth and ensuring accountability.