

Title: Presidential Commission on Good Government (PCGG) vs. United Coconut Planters Bank (UCPB) and United Coconut Planters Life Assurance Corporation (COCOLIFE)

Facts:

**\*\*1. Creation of Funds and Levies:\*\***

In 1971, Republic Act No. 6260 established the Coconut Investment Company to oversee the Coconut Investment Fund (CIF), sourced from a levy on copra sales. Subsequent presidential decrees during Martial Law created additional levies and utilized these funds for purposes such as stabilizing edible oil prices, financing hybrid coconut seed farms, and acquiring a commercial bank for the benefit of coconut farmers.

**\*\*2. Acquisition and Use of Funds:\*\***

The acquired funds facilitated projects, including acquiring First United Bank (FUB, later renamed UCPB) and purchasing a large block of San Miguel Corporation (SMC) shares. Sequestration orders were issued against these assets on allegations that they were ill-gotten wealth amassed by the Marcos family and associates.

**\*\*3. Legal Proceedings and Sequestration:\*\***

The Presidential Commission on Good Government (PCGG) sequestered shares in UCPB, CIIF companies, and SMC shares. The Sandiganbayan handled cases involving these assets, and several motions and decisions were issued over two decades, leading to partial summary judgments and Supreme Court decisions affirming that the assets belonged to the government as they were acquired using public coconut levy funds.

**\*\*4. Filing of Declaratory Relief Petitions:\*\***

On December 28, 2012, UCPB and COCOLIFE filed separate petitions for declaratory relief in the Regional Trial Court (RTC) of Makati City, claiming indirect ownership in the CIIF OMG and the 14 holding companies due to investments made independently of the coconut levy funds.

**\*\*5. Denial of Motions to Dismiss:\*\***

The PCGG moved to dismiss these petitions, arguing lack of jurisdiction and preclusion by prior Supreme Court rulings. The RTC denied these motions, leading the PCGG to seek redress from the Supreme Court.

Issues:

**1. \*\*Non-compliance with Verification and Certification of Non-Forum Shopping:\*\***

Whether the petitions are defective because the Verification and Certification was signed by

only one PCGG Commissioner.

2. **Jurisdiction:**

Whether the RTC of Makati has jurisdiction over the subject matter of the petitions for declaratory relief filed by UCPB and COCOLIFE.

3. **Requisites for Declaratory Relief:**

Whether the petitions for declaratory relief fulfilled the procedural requisites necessary to substantiate such filings.

4. **Application of Res Judicata and/or Laches:**

Whether the suits for declaratory relief are barred by the doctrines of res judicata or laches given prior adjudications and prolonged inaction.

**Court's Decision:**

1. **Verification and Certification of Non-Forum Shopping:**

The Supreme Court held that the defect in the verification and certification signed by only one Commissioner was not fatal. The requirements are formal and can be overlooked to favor substantive justice, especially considering the public nature of the funds involved.

2. **Jurisdiction:**

The Supreme Court ruled that the Sandiganbayan has exclusive jurisdiction over the cases involving ill-gotten wealth, including incidents ancillary to such main cases. The RTC does not have jurisdiction because the subject matters are inextricably linked to the sequestration and disposition of the coconut levy assets. The exclusive jurisdiction lies with the Sandiganbayan per PD 1606, EO Nos. 1, 2, 14, and 14-A.

3. **Requisites for Declaratory Relief:**

Even assuming all requisites for declaratory relief were complied with (which was disputed), the petitions are still barred due to the exclusive jurisdiction of the Sandiganbayan over the subject matter.

4. **Res Judicata and Laches:**

The doctrine of res judicata, particularly under the aspect of conclusiveness of judgment, applies. The issue of ownership of the sequestered CIIF companies and CIIF SMC Block of Shares had been conclusively resolved by Sandiganbayan's and Supreme Court's final judgments, which established these assets as owned by the government. The protracted period of inaction also affirms the application of laches.

Doctrine:

1. **Exclusive Jurisdiction:**

The Sandiganbayan has exclusive jurisdiction over litigation involving ill-gotten wealth and related cases. RTC cannot decide on matters intrinsically linked to such assets, particularly those managed or sequestered by PCGG.

2. **Res Judicata:**

The principle of res judicata applies to bar subsequent actions on issues already adjudicated with finality. This includes the ownership of assets previously decided as public funds by final Supreme Court decisions.

3. **Public Character of Coconut Levy Funds:**

Funds generated by the coconut levy are public funds. Properties purchased using these funds are similarly considered public properties.

Class Notes:

- **Jurisdiction**: Jurisdiction over ill-gotten wealth cases is exclusive to Sandiganbayan (PD 1606, EO 1, EO 2, EO 14).
- **Res Judicata**: Prevents re-litigation of already adjudicated matters. See Republic v. COCOFED.
- **Public Funds Doctrine**: Funds utilized from public levies retain their public character and are subject to public purpose constraints.

Historical Background:

The context of this case is rooted in the aftermath of the Marcos regime's fall, which led to an aggressive effort by President Corazon C. Aquino's administration to recover assets alleged to have been acquired corruptly. These efforts were institutionalized through laws and executive orders creating bodies like the PCGG and empowering the Sandiganbayan to oversee such matters, reflecting legislative and judicial actions to restore public trust and redistribute wealth towards public benefit, particularly for impoverished coconut farmers.