

### Title: Philippine Coconut Producers Federation, Inc. (COCOFED), et al. vs. Republic of the Philippines

### Facts:

1. **Genesis of the Dispute:**

- The cases stem from the alleged misuse of coconut levy funds collected under various laws, transformed into a private fund by presidential decrees issued during Ferdinand E. Marcos' regime. The funds were used to acquire assets, notably shares of the United Coconut Planters Bank (UCPB) and San Miguel Corporation (SMC).

2. **Presidential Decrees:**

- R.A. 6260 (1971) and several presidential decrees (P.Ds.) during martial law purportedly aimed to improve the coconut industry but allegedly resulted in misappropriation for private gain.

- Key decrees included P.D. 276, P.D. 755, P.D. 961, and P.D. 1468.

3. **Acquisition of UCPB:**

- In 1975, Eduardo Cojuangco Jr. facilitated the purchase of First United Bank (renamed UCPB) using coconut levy funds under the guise of benefiting coconut farmers.

- Agreements in May 1975, including exclusive options and equity provisions, effectively transferred control of substantial shares to Cojuangco, allegedly without legitimate consideration.

4. **Establishment and Use of Coconut Funds:**

- Coconut levy funds financed several institutions and acquisitions:

- The CIIF companies, CIIF oil mills, and equity investments in SMC were purportedly for the benefit of coconut farmers but allegedly manipulated to benefit a select few, including Cojuangco.

5. **Sequestration and Legal Action:**

- Post-1986 EDSA Revolution, Presidential Commission on Good Government (PCGG) sequestered assets linked to Marcos and allies as potentially ill-gotten.

- PCGG filed recovery suits, leading to the subdivision of Civil Case No. 0033 into several cases including 0033-A (involving UCPB shares) and 0033-F (involving SMC shares).

### Procedural Posture:

- **Initial Proceedings:**

- COCOFED, representing coconut farmers, and other individuals including Cojuangco,

challenged the sequestration orders and sought dismissal of the cases, asserting ownership over the sequestered assets.

- The Sandiganbayan issued partial summary judgments (PSJs) affirming the sequestered assets as public, leading to appeals to the Supreme Court.

- **Supreme Court Involvement:**

- The petitions consolidated under several G.R. numbers, with interventions supporting the government.

- The petitions raised issues of lack of jurisdiction, constitutionalities of decrees, and procedural rights violations, among other arguments.

**### Issues:**

1. **Jurisdiction:**

- Whether the Sandiganbayan had jurisdiction over the recovery of allegedly ill-gotten wealth.

- The necessity for the Republic to prove the sequestered assets as ill-gotten to sustain jurisdiction.

2. **Constitutionality:**

- The constitutionality of P.D. Nos. 755, 961, and 1468, particularly provisions converting public levy funds into private assets.

- Allegations of undue delegation of legislative power in these decrees.

3. **Right to Present Evidence:**

- Whether petitioners were deprived of due process by being denied the opportunity to present evidence.

- Procedural fairness in the Sandiganbayan's summary judgment process.

4. **Operative Fact Doctrine:**

- The application of the doctrine considering the consistent reliance on the validity of coconut levy laws and resulting investments.

5. **Right to Speedy Disposition of Cases:**

- Whether the long duration of litigation violated the petitioner's right to a prompt trial.

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

1. **Jurisdiction:**

- The Court affirmed the Sandiganbayan's jurisdiction. The allegations in the complaints

sufficiently disclosed a case of ill-gotten wealth within the jurisdiction of the anti-graft court.

- Subject matter jurisdiction is determined by the allegations, not by the defendant's evidence or claims.

2. **Constitutionality:**

- The Court declared sections of P.D. 755 and related provisions in P.D. 961 and 1468 unconstitutional for improperly converting public funds into private assets.
- These decrees violated constitutional restrictions on the use of special and fiduciary funds.

3. **Right to Present Evidence:**

- The Court ruled petitioners were not deprived of due process as the motion's disposition and procedural rules logically resulted in the partial summary judgments.
- The opportunity to present documentary evidence at earlier stages and petitions demonstrated the adequate procedural opportunity.

4. **Operative Fact Doctrine:**

- The Court acknowledged the doctrine's applicability but clarified it could not legitimize unconstitutional acts.

5. **Right to Speedy Disposition of Cases:**

- The Court found no violation of the right to a speedy disposition given petitioners' participation and procedural actions. Waivers inferred from delays agreed upon by parties.

**### Doctrine:**

- **Public vs. Private Funds:** The levy-funded acquisitions, managed and utilized under statutory schemes declaring them private, remained public in nature due to their collection and use under the taxing power and genuine purposes clauses.
- **Judiciary's Role:** Courts can declare legislative acts unconstitutional where clear breaches arise, applying remedial measures to align state actions with constitutional mandates.
- **Due Process in Partial Judgments:** Summary judgments are valid tools to adjudicate when no factual controversies exist, honoring procedural fairness and efficiency mandates.

**### Class Notes:**

1. **Public Trust Doctrine:** Public funds, even if declared private by subsequent decrees, retain their public character, especially when collected under the state's taxing power.

- Relevant Provisions: Article VI, Section 29(3) of the 1987 Philippine Constitution.

2. **Legislative Powers:** The Constitution limits executive legislation's power to divert public funds into private assets.

- Scopes: Sections related to the fiscal accountability of public funds.

3. **Partial Summary Judgments:** Tools for judicial efficiency, provided no genuine issues of material fact necessitate trial.

- Logic and Use: Rules of Summary Judgment in civil procedures.

**Historical Background:**

- **Martial Law Era:** Marcos regime's financial strategies involved controversial asset management using public levies, resulting in decades-old legal disputes post-EDSA Revolution for the recovery of allegedly plundered assets.

- **Coco Levy Fund's Evolution:** Initially justified for agricultural stability, schemes revealed misuse for political and economic consolidation, becoming a symbolic case of martial law's juridical aftermath in Philippine courts.