

Title: Diamond Drilling Corporation of the Philippines v. Crescent Mining and Development Corporation, G.R. Nos. 201785 & 207360 (2018)

Facts:

****Joint Venture Agreement and MPSA:****

1. On October 27, 1993, Crescent Mining and Development Corporation (Crescent) and Pacific Falcon Resources Corporation (PFRC) entered into a Joint Venture Agreement (JVA) for copper and gold mining operations in Benguet.
2. On November 12, 1996, the Department of Environment and Natural Resources (DENR) awarded Mineral Production Sharing Agreement (MPSA) No. 057-96-CAR to Crescent granting exclusive rights to operate in the Guinaoang Project area.

****Amendment to JVA and Legal Proceedings:****

3. On August 5, 1997, Crescent and PFRC amended the JVA, giving PFRC a 40% stake in the Guinaoang Project.
4. DDCP (Diamond Drilling Corporation of the Philippines), a drilling contractor for PFRC, filed a Complaint for the collection of sum of money with damages against PFRC before the RTC of Makati City on January 11, 2000.

****Default and Judgment:****

5. PFRC was held in default for failing to file a responsive pleading.
6. RTC rendered a decision on April 23, 2001, in favor of DDCP, awarding monetary compensation.
7. A writ of execution led to the levy and eventual public auction of PFRC's 40% interest in the Guinaoang Project, which DDCP acquired on December 31, 2001.

****Application to MGB and DENR's Denial:****

8. DDCP requested the MGB to record its 40% interest, which was denied by the DENR-MGB Director Horacio C. Ramos, arguing that PFRC had no equity interest that could be assigned under MPSA No. 057-96-CAR since PFRC was not a party to the MPSA.

****RTC's Order and Controversies:****

9. DDCP filed a motion to direct the DENR Secretary to amend the MPSA to reflect DDCP's acquisition.
10. On August 31, 2011, RTC granted DDCP's motion, directing the DENR Secretary to amend the MPSA to include DDCP as a joint contractor.

****Appellate Court Divergence:****

11. The CA 17th Division annulled the RTC's August 31, 2011 Order citing lack of jurisdiction and lapse of the five-year execution period (CA-G.R. SP No. 121603).
12. The CA 2nd Division upheld the RTC's order, stating compliance with automatic approval provision under R.A. No. 7942 (CA-G.R. SP No. 124038).

****Supreme Court Petitions:****

13. DENR and DDCP sought recourse to the Supreme Court, which consolidated the issues in G.R. Nos. 201785 & 207360.

Issues:

1. ****Propriety of Crescent's resort to Certiorari.****
2. ****Applicability of the five-year execution period limitation.****
3. ****Whether DENR can be bound by the trial court's decision without being a party thereto.****
4. ****Whether the RTC Order modified the terms of a final and executory decision.****
5. ****Whether the RTC Order mandating the amendment of the MPSA was lawful under R.A. No. 7942 and its IRR.****
6. ****Nature of DENR Secretary's approval in assignments or transfers of MPSA rights.****

Court's Decision:

****On Certiorari and Execution by Motion:****

1. The Supreme Court held that Crescent's certiorari was proper as the RTC exceeded its jurisdiction issuing the order post full satisfaction of judgment.
2. The judgment in favor of DDCP was deemed fully satisfied upon DDCP's acquisition of PFRC's 40% interest. Thus, the RTC had lost jurisdiction to amend the MPSA beyond the five-year reglementary execution period.

****State Control & DENR Approval:****

3. Article XII, Section 2 of the Philippine Constitution and R.A. No. 7942 mandate state control and necessary approvals for any transfer or assignments under MPSAs.
4. The DENR Secretary's power to approve transfers is discretionary, aiming to enforce compliance with statutory requirements, perpetual state supervision, and qualification checks on assignees.

****Invalidity of Transfer to PFRC and Execution Sale:****

5. The Court held PFRC's right under the JVA was not compliant with the requisites in Section 30 & 46, Mining Act IRR. Thus, the sale to DDCP did not validly transfer any interest in MPSA No. 057-96-CAR.

6. Consequently, DENR cannot be compelled to amend the MPSA to include DDCP.

****Conclusion:****

- The SC reversed and set aside CA 2nd Division's decision in CA-G.R. SP No. 124038.
- The SC affirmed the CA 17th Division's decision in CA-G.R. SP No. 121603, sustaining the invalidity of RTC's order mandating amendment of MPSA.

Doctrine:

1. ****State Control over Mining Resources****: Mining projects are government projects; amendments to MPSAs require DENR approval. (Art. XII, Sec 2; R.A. No. 7942, Sec. 30 & Sec. 46 IRR).
2. ****Validity of Judgments and Execution Period****: Judgment satisfaction bars further modifications beyond execution period (Rule 39, Rules of Court).

Class Notes:

- ****Elements of MPSA Assignments****: Application filing, DENR approval, proper documentation, compliance with legal requisites.
- ****Discretionary Authority of DENR****: Before approving the transfer, assignee qualification, statutory compliance verification, and evaluative discretion.

Historical Background:

- This case arises in the mining governance context under Philippine Mining Act of 1995 crafted to implement the Constitutional directive for the state to maintain control over natural resources. A significant legal precedence reflecting the interplay between private mining rights and stringent public control mechanisms.