

Title:

Sugar Regulatory Administration vs. Central Azucarera De Bais Inc.

Facts:

The case revolves around Sugar Order Nos. 1, 1-A, and 3 issued by the Sugar Regulatory Administration (SRA) for the years 2017-2018, which allocated Class “D” world market sugar to accredited Class “F” ethanol producers. Central Azucarera De Bais, Inc. (Central Azucarera) filed a Petition for Declaratory Relief before the Regional Trial Court (RTC) of Makati City, Branch 57, contending that these Sugar Orders were ultra vires (beyond the authority of SRA).

In defense, SRA asserted that it was within its delegated authority to regulate all types of sugars, including those used to manufacture ethanol. Additionally, SRA raised the points that Central Azucarera was not a real party-in-interest and that the issue had become moot due to the issuance of Sugar Order No. 1-B, which removed the contested allocation.

On August 23, 2018, Central Azucarera moved for summary judgment arguing that the case involved pure questions of law. SRA opposed, contending there were factual disputes.

On January 24, 2019, the RTC declared the questioned Sugar Orders null and void, asserting that the regulatory jurisdiction over ethanol producers lies with the Department of Energy (DOE), thereby granting Central Azucarera’s motion for summary judgment. SRA’s motion for reconsideration was subsequently denied by the RTC on April 3, 2019.

Disagreeing with the RTC’s ruling, SRA filed an appeal to the Court of Appeals (CA), docketed as CA-G.R. SP No. 160975. Central Azucarera moved to dismiss this appeal on grounds of improper remedy, arguing that the issues were purely questions of law, necessitating direct recourse to the Supreme Court through a petition for review on certiorari (Rule 45).

On February 26, 2020, the CA granted the motion to dismiss, noting the controversy involved purely legal questions. SRA’s motion for reconsideration was also denied. Subsequently, SRA filed a Petition for Review on Certiorari with the Supreme Court.

Issues:

1. Whether the CA correctly dismissed SRA’s appeal for being an improper remedy.
2. Whether the issues raised by SRA involved pure questions of law or factual issues.
3. Whether the SRA had the authority to allocate D-class sugar to ethanol producers.

4. Whether Central Azucarera was a real party-in-interest.
5. Whether the case had become moot due to the issuance of Sugar Order No. 1-B.

Court's Decision:

1. **Improper Appeal Dismissal**:

The Supreme Court affirmed the CA's decision, agreeing that the SRA's appeal to the CA was improper as it raised purely legal questions which should have been appealed through a petition for review on certiorari under Rule 45.

2. **Determining Factual vs. Legal Issues**:

The Court held that the issues raised (the authority of SRA to regulate ethanol producers, real party-in-interest, and mootness of the case) were indeed purely legal, as they did not require examination of evidence but relied on legal interpretation.

3. **SRA's Authority to Allocate Sugar**:

The question of SRA's regulatory authority over allocating D-class sugar to ethanol producers was a legal issue. The RTC determined that such authority lay with DOE, not SRA, in accordance with statutory provisions including the Bio-Fuels Act of 2006.

4. **Real Party-in-Interest**:

The Court underscored that determining a real party-in-interest is a legal question. Thus, it was inappropriate for SRA to seek this factual examination on appeal to CA.

5. **Mootness**:

The issue of mootness due to the issuance of Sugar Order No. 1-B was also deemed a question of law as it required interpretation of the effect of the new order on the prior ones.

Therefore, the Court ruled that the SRA failed to avail the correct statutory remedy, causing the RTC's decision to become final and executory.

Doctrine:

1. **Correct Mode of Appeal**: When the issues raised are purely legal, the appropriate recourse is a petition for review on certiorari to the Supreme Court under Rule 45, not an ordinary appeal to the CA.
2. **Definition of Pure Legal Question**: A question that does not require the examination of probative evidence and entails solely the interpretation of the law is purely legal.

Class Notes:

- **Modes of Appeal (Rule 41):**
- Ordinary Appeal: For decisions rendered in original jurisdiction (factual/ mixed issues)
- Petition for Review: For appellate decisions.
- Appeal by Certiorari: For purely legal questions
- **Improper Appeal Dismissal (Rule 50):** Appeals taken to the wrong court are dismissed and not referred.
- **Real Party-in-Interest:** Defined under Section 2, Rule 3 of Rules of Court - a party who stands to be benefited or injured by the judgment.

Historical Background:

This case offers an examination of administrative regulatory boundaries and procedural propriety, set against the backdrop of the overlapping regulatory domains of different government agencies (SRA vs. DOE). Here, the courts were tasked to clarify the jurisdiction and delineations of powers among agencies concerning regulatory actions impacting the sugar and ethanol industries.