

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. THE PRESIDING JUDGE, BRANCH XV, COURT OF FIRST INSTANCE OF RIZAL AND JOSE SISON, RESPONDENTS.

G.R. No. L-35919. September 11, 1980

Ponente: DE CASTRO, J.

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DE CASTRO, J.:

In this special civil action of certiorari and mandamus with preliminary injunction, the herein petitioner seeks to nullify and set aside the orders of the respondent Judge dated June 26, July 1 and July 22, 1972, all issued in Civil Case No. 437-M, entitled "Jose Sison, plaintiff vs. Rice and Corn Administration, defendant."

Sometime on April 11, 1970, respondent Sison filed a complaint against the Rice and Corn Administration (RCA for short) for a sum of money with the Court of First Instance of Rizal, presided by the respondent Judge. RCA filed a motion to dismiss the said complaint on the ground of non-suability of the RCA as a mere governmental agency of the Republic of the Philippines. Then, on May 5, 1970, respondent Sison filed a motion to amend the complaint for the purpose of showing his actionable interest as assignee of the purchase price of unpaid deliveries of corn grains to the RCA. Again, a motion to dismiss the amended complaint based upon similar grounds was filed by the RCA on June 1, 1970, which the respondent Judge denied in an order dated June 30, 1970. Whereupon, the RCA filed its answer on September 22, 1970.

After trial, a decision was rendered by the respondent Judge on May 10, 1972 in favor of respondent Sison and against the RCA ordering the latter to pay the corn grains it purchased from respondent Sison in the amount of One Million Six Hundred Twenty-Eight Thousand Four Hundred Fifty-One Pesos and Fifty Four Centavos (P1,628,451.54), with interest thereon at the legal rate from the delivery of the corn in 1965 up to the time the same shall have been paid in full, and to pay attorney's fees in the sum of Two Hundred Fifty Thousand (P250,000.00) and the costs of the suit.

Immediately thereafter, the RCA filed on May 24, 1972 a notice of appeal as well as a motion for extension of time of thirty days from June 16, 1972 within which to file the record on appeal which was granted on May 27, 1972. Before the expiration of the original period to file the record on appeal, the RCA filed its record on appeal on June 15, 1972. Subsequently, respondent Sison on June 22, 1972 filed a motion to dismiss the appeal for the RCA's failure to post an appeal bond. On June 29, 1972, the RCA, now represented by the office of the Solicitor General, filed an opposition to respondent's motion to dismiss the appeal. The respondent Judge issued an order dated June 26, 1972[1] approving the record on appeal, denying, however, RCA's exemption from the payment of legal fees as well as the posting of the appeal bond on the ground that RCA is a mere instrumentality of the Republic of the Philippines. Hence, on July 1, 1972, the respondent Judge issued an order[2] giving the RCA five (5) days within which to post an appeal bond. On July 11, 1972, the herein petitioner representing the RCA filed a motion for reconsideration of the orders dated June 26, and July 1, 1972 alleging that the RCA is exempt from posting an appeal bond. Private Respondent filed a second motion to dismiss the appeal on the ground of

petitioner's refusal to file the necessary appeal bond. The respondent Judge issued an order[3] dated July 22, 1972 holding that the RCA, being a mere instrumentality of the Government of the Philippines, is not exempt from the payment of legal fees as well as the posting of an appeal bond, and dismissing the RCA's appeal for its failure to file the required appeal bond.

On August 22, 1972, respondent filed a motion for a writ of execution and approval of the bill of costs which was opposed by the petitioner on September 1, 1972. The respondent Judge issued an order dated September 28, 1972 for the issuance of a writ of execution against the goods and chattels of the RCA. On October 30, 1972, petitioners filed an urgent motion to quash the writ of execution which is still unresolved and pending up to now.

Whereupon, the petitioner filed the instant petition for certiorari and mandamus with preliminary injunction to set aside the respondent Judge's orders dated June 26, July 1 and July 22, 1972.

The sole issue implicit in this petition is whether or not the RCA is exempt from paying the legal fees and from posting an appeal bond.

We find merit in the petition.

To begin with, We have to determine whether the RCA is a governmental agency of the Republic of the Philippines without a separate, distinct and independent legal personality from the latter. We maintain the affirmative. The legal character of the RCA as a governmental agency had already been passed upon in the case of *Ramos vs. Court of Industrial Relations*[4] wherein this Court held:

"Congress, by said Republic Act 3452 approved on June 14, 1962, created RCA, in pursuance of its declared policy, viz:

'SECTION 1. It is hereby declared to be the policy of the Government that in order to stabilize the price of palay, rice and corn, it shall engage in the purchase of these basic foods directly from those tenants, farmers, growers, producers and landowners in the Philippines who wish to dispose of their produce at a price that will afford them a fair and just return for their labor and capital investment and whenever circumstances brought about by any cause, natural or artificial, should so require, shall sell and dispose of these commodities to the consumers at areas of consumption at a price that is within their reach.'

"RCA is, therefore, a government machinery to carry out a declared government policy just noted, and not for profit.

"And more, By law, RCA depends for its continuous operation on appropriations yearly set aside by the General Appropriations Act. So says Section 14 of Republic Act 3452:

'SECTION 14. The sum of one hundred million pesos is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, for the capitalization of the Administration: Provided, That the annual operational expenses of the Administration shall not exceed three million pesos of the said amount: Provided further, That the budget of the Rice and Corn Administration for the fiscal year nineteen hundred and sixty-three to nineteen hundred and sixty-four and the years thereafter shall be included in the General appropriations submitted to Congress.'

"RCA is not possessed of a separate and distinct corporate existence. On the contrary, by the law of its creation, it is an office directly under the Office of the President of the Philippines."[5]

Respondent, however, contends that the RCA has been created to succeed to the corporate assets, liabilities, functions and powers of the abolished National Rice & Corn Corporation which is a government-owned and controlled corporation separate and distinct from the Government of the Republic of the Philippines. He further contends that the RCA, being a duly capitalized entity doing mercantile activity engaged in the buying and selling

of palay, rice, and corn cannot be the same as the Republic of the Philippines; rather, it is an entity separate and distinct from the Republic of the Philippines. These contentions are patently erroneous.

As aptly stated by this Court in the aforecited case:[6]

"To begin: At bottom, that decision was rendered in pursuance of an agreement touching on one aspect of employment - payment of extra compensation. It was legally possible for NARIC to enter into such an agreement which was, indeed, incorporated in the judgment. NARIC was a corpo-ration, as aforesaid.

"But with the RCA, a different picture is presented. A mere instrumentality of the national government performing primarily governmental functions to promote general welfare, the terms and conditions of employment of its laborers and employees, such as herein petitioners, are governed by law. They are subject to civil service rules. They are governed by the WAPCO Salary Plan. Explicit and unmistakable is Section 5 of R.A. 3452 which, in part, reads:

"x x x He (General Manager) shall fix the number and, subject to WAPCO salary plan allowed by the Civil Service salaries of, and appoint, subject to the Civil Service Law and with the consent of the Board of Administration. He shall suspend or otherwise discipline, for cause and subject to Civil Service Law, any subordinate employee of the Administration with the consent of the Board of Administrators and perform such other duties as may be assigned by the Board."

The mercantile activity of RCA in the buying and selling of palay, rice, and corn is only incident to its primary governmental function which is to carry out its declared policy of subsidizing and stabilizing the price of palay, rice, and corn in order to make it well within the reach of average consumers, an object obviously identified with the primary function of government to serve the well-being of the people.

As a governmental agency under the Office of the Pre-sident the RCA is thus exempt from the payment of legal fees[7] as well as the posting of an appeal bond. Under the decisional laws which form part of the legal system of the Philippines[8] the Republic of the Philippines is exempt from the requirement of filing an appeal bond on taking an appeal from an adverse judgment, since there could be no doubt, as to the solvency of the Government.[9] This well-settled doctrine of the Government's exemption from the requirement of posting an appeal bond was first enunciated as early as March 7, 1916 in *Government of the Philippine Island vs. Judge of the Court of First Instance of Iloilo*[10] and has since been so consistently enforced[11] that it has become practically a matter of public knowledge and certainly a matter of judicial notice on the part of the courts of the land.[12]

WHEREFORE, the order of the dismissal of the RCA's appeal by the respondent Judge is hereby set aside and the latter is heretofore directed to allow and give due course to the aforesaid appeal without the posting of an appeal bond. No pronouncement as to costs.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Fernandez, Guerrero, and Melencio-Herrera, JJ., concur.

[1] Annex A to petition, p. 14, Rollo.

[2] Annex B to petition, p. 15, Rollo.

[3] Annex C to petition, p. 16, Rollo.

[4] 21 SCRA 1282.

[5] Section 2, Republic Act No. 3452.

[6] Ramos vs. Court of Industrial Relations, *supra*.

[7] Section 16, Rule 141, Revised Rules of Court provides: "The Republic of the Philippines is exempt from paying the legal fees provided in this rule."

[8] Article 8, Civil Code. "Judicial decisions applying or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines."

[9] Republic vs. Court of Appeals, 67 SCRA 322.

[10] 34 Phil. 157.

[11] Hongkong & Shanghai Banking Corporation vs. Rafferty, 39 Phil. 147; Tolentino vs. Carlos, 66 Phil. 140; Gutierrez vs. Camus, 96 Phil. 114; Commissioner of Immigration vs. Romero, 10 SCRA 216; Tabuena vs. Court of Appeals, 3 SCRA 413; De Leon vs. Abbas, 1 SCRA 1268.

[12] Republic vs. Court of Appeals, *supra*.

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