

MARIANO G. PINEDA, ARCADIO E. YABYABIN AND MAXIMINO PIZARRO, PETITIONERS, VS. HON. GREGORIO T. LANTIN, DISTRICT JUDGE OF THE COURT OF FIRST INSTANCE OF MANILA, BACOLOD-MURCIA MI...

G.R. No. L-15350. November 30, 1962

Ponente: REGALA, J.

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REGALA, J.:

This case raises a question of law heretofore undecided by this Court, to wit:

MAY A COURT OF FIRST INSTANCE ENJOIN THE SECURITIES AND EXCHANGE COMMISSION?

The facts from which this issue resulted are the following:

In a letter dated July 9, 1958, addressed to the Securities and Exchange Commission, Teresa Cuaycong Lacson and Apeles H. Lopez, thru counsel, complained of certain actions of the respondent corporation, the Bacolod-Murcia Milling Co., Inc. and its President and General Manager, J. Amado Araneta. They claimed that the above-named respondents had committed various acts in violation of the Articles of Incorporation of the respondent corporation, the pertinent provisions of the corporation law, and the rules and regulations promulgated by the Securities and Exchange Commission. They represented that the conduct of the said J. Amado Araneta was one series of acts prejudicial to the interests of the minority stockholders. The complainants were two such stockholders.

Acting on the letter-complaint, petitioner Mariano G. Pineda, in his official capacity as Securities and Exchange Commissioner, ordered the investigation of the charges, and, for that purpose, designated the other petitioners, Arcadio E. Yabyabin and Maximino Pizarro, as investigators. These last two petitioners were the Chief Legal Counsel and Chief Examiner, respectively, of the Commission.

Pursuant to the above order, petitioners Yabyabin and Pizarro, on July 29, 1958, addressed a subpoena duces tecum to respondent J. Amado Araneta as well as to the treasurer and secretary of the Bacolod-Murcia. On receiving the subpoena duces tecum, however, herein respondent corporation and J. Amado Araneta, thru counsel, filed a "Petition to Reconsider Order and to Set Aside Subpoena Duces Tecum." They contended that with the approval of Republic Act No. 1143 on June 17, 1954, "the power given by law to the Securities and Exchange Commission to conduct investigations has been qualified and made subject to the condition that such investigations must be conducted in accordance with the rules adopted by the Commission." (Sec. 1 [d] Republic Act No. 1143.) And, since the Securities and Exchange Commission had not till then adopted such rules, it could not proceed with the investigation.

After due consideration, on August 18, 1958, petitioner Mariano G. Pineda denied the above petition filed by the respondent.

Subsequently, on August 21, 1958, respondents Bacolod-Murcia and J. Amado Araneta filed a Motion to Quash and Discontinue Entire Proceedings. This was docketed as SEC Case No. 951. The basis of this motion was principally the same as that recited in the petition to reconsider and set aside the subpoena duces tecum. In other words, the herein respondents reiterated their contention that the Securities and Exchange Commission could not proceed with the investigation until after it shall have promulgated the rules required by Republic Act No. 1143. Furthermore, the respondent-movants alleged that the complaint by the aforesaid minority stockholders "was part of a plot and conspiracy to harass and oppress the herein respondents at the inspiration or instigation of the Secretary of Commerce and Industry, the Honorable Pedro C. Hernaez, who has direct supervision and control over the Securities and Exchange Commission." This motion was found to be without merit, and was, for that reason, forthwith denied by the Commissioner on October 10, 1958.

After having received a copy of the order denying their motion of August 21, 1958, the respondent corporation and J. Amado Araneta filed a special civil action for prohibition against the herein petitioners Yabyabin and Pizarro, and, for the first time, enjoined Lacson and Lopez as respondents. It was docketed in the sala of Judge Gregorio T. Lantin of the Manila Court of First Instance as Civil Case No. 38456.

Having been served with summons in the above civil case, petitioners Yabyabin and Pizarro, on November 28, 1959, moved to dismiss the same. They argued that the writ prayed for would amount to a review, modification or setting aside of an order of the Securities and Exchange Commission and therefore, beyond the jurisdiction of the Court of First Instance. According to them, only the Supreme Court could modify or review an order or decision of the Commission in accordance with Section 1 of Rule 43, Rules of Court and Section 35 of Commonwealth Act No. 88, as amended by Republic Act No. 635.

On December 6, 1958, Judge Gregorio T. Lantin issued the following order: Upon consideration of the motion to dismiss dated November 28, 1958, filed by respondents Arcadio E. Yabyabin and Maximo B. Pizarro, and the objection thereto, let resolution of the said motion be deferred until the trial of the case on the merits." Soon after the issuance of this order, or, on December 26, 1958, herein petitioners Yabyabin and Pizarro filed an answer to the petition for prohibition. Thereafter, the order deferring the resolution of the motion to dismiss was reconsidered. Instead, the motion to dismiss was denied on January 31, 1959.

Disagreeing with the above order of denial, herein petitioners filed a motion for reconsideration on February 19, 1959. They reaffirmed in that pleading their position that only the Supreme Court may review orders of the Securities and Exchange Commission; that when the Manila Court of First Instance did so review, it went beyond its authority and jurisdiction. This was denied again by the respondent judge, when on February 28, 1959, he issued an order dismissing the motion for reconsideration.

This case was elevated to this Honorable Court for review on a petition for certiorari with prohibition and preliminary injunction. To that end, it devolved on Us to resolve the question of law first mentioned above. Stated in another way, the issue here is:

WAS THE CIVIL CASE FOR PROHIBITION FILED BY THE HEREIN RESPONDENT PROPER AND WITHIN THE JURISDICTION OF THE COURT OF FIRST INSTANCE?

This Tribunal holds the view that under the Rules of Court and the law applicable to the case at bar, a Court of First Instance has no jurisdiction to grant injunctive reliefs against the Securities and Exchange Commission. That power is lodged exclusively with this Court.

Section 1 of Rule 43 of the Rules of Court provides.

"SEC. 1. Petition for review.—Within thirty days from notice of an order or decision issued by the Public

Service Commission or the Securities and Exchange Commission, any party aggrieved thereby may file, in the Supreme Court, a written petition for the review of such order or decision."

Furthermore, Section 35 of Commonwealth Act No. 83, as amended by Republic Act No. 635, creating and setting forth the powers and functions of the Securities and Exchange Commission, provides the following:

"SEC. 35. Court review or orders.—(a) Any person aggrieved by an order issued by the Commission in any proceeding under this Act to which such person is a party or who may be affected thereby may obtain a review of such order in the Supreme Court of the Philippines by filing in such Court within thirty days after the entry of such order a written petition praying that the order of the Commission be modified or set aside in whole or in part. * * *"

Beyond doubt, therefore, whenever a party is aggrieved by or disagrees with an order or ruling of the Securities and Exchange Commission, his remedy is to come to this Court on a petition for review. He is not permitted to seek relief from courts of general jurisdiction. The two provisions quoted above clearly pronounce that only this Court possesses the jurisdiction to review or pass upon the legality or correctness of any order or decision of the Securities and Exchange Commission, and, as circumstances might warrant, to modify, reverse, or, set aside the same.

It was urged by the herein respondents that the principal purpose of their action in the lower court was not to have an order of the Securities and Exchange Commission reviewed but to have the investigation stopped because of an alleged lack of jurisdiction to proceed with the same. Therefore, the argument continued, Section 1 of Rule 43 of the Rules of Court and Section 35 of Commonwealth Act No. 83, as amended by Republic Act No. 635, could not have properly applied.

The contention carries no weight. This Court has thoroughly read through the petition for prohibition filed with the lower court. But, even a cursory reading of it would have revealed so fully that its main aim was to have, an order of the Securities and Exchange Commission reviewed the order denying their motion to quash and discontinue the entire proceeding in the Commission. More than anything else, Civil Case No. 38456 was meant to have that order of the Commission ultimately set aside.

But even assuming for the sake of argument that the principal concern of Bacolod-Murcia in filing the action below was indeed to stop the investigation so that the jurisdiction of the investigating body to conduct the same might first be determined, still this Court holds that the action should have been commenced in this tribunal. When the Rules of Court and the law provided that orders and decisions of the Securities and Exchange Commission are reviewable only by this Court, they could not possibly have excluded within their efficacy the review of incidental orders as the one at bar. Otherwise, the entire philosophy for providing that only this Court may review on appeal orders of the Commission would be rendered mute, weak and purposeless. For then, we shall be sanctioning what can not be done directly to be done indirectly.

Finally, herein respondents contended that since the questioned order of the Commission was merely interlocutory, they could have come to this Court under Section 1 of Rule 43 because the said provision refers only to final orders and decisions. This Court, however, finds neither force nor merit in this argument. We have held already in the case of *San Beda vs. Court of Industrial Relations*, 97 Phil., 787; 51 Off. Gaz. (11) 5636, that while the general rule is that interlocutory orders are not appealable, the same may be so appealed when it is grounded upon lack of jurisdiction.

The role of the Securities and Exchange Commission in our national economy cannot be minimized. The legislature has entrusted to it the serious responsibility of enforcing all laws affecting corporations and other forms of associations not otherwise vested in some other government offices. Being charged, therefore, with

overseeing the operations of those various corporate enterprises from which our government derives great revenues and income, it cannot afford to be impeded or restrained in the performance of its functions by writs of injunction emanating from tribunals subordinate to this Court. If every Court of First Instance can enjoin the Commission from pursuing its objectives, and, in the premises, substitute its judgment for that of the Commission on what should or should not be done, then, no one will suffer thereby but the economy of our body politic and, eventually, this country's citizenry. Certainly, the legislature could never have intended that.

In view of all the foregoing, the order of the lower court denying the motion to dismiss filed by the herein petitioners in Civil Case No. 38456 is hereby set aside and the herein respondents are prohibited and enjoined from proceeding with the trial and determination on the merits of the same civil case, with costs.

Bengzon, C. J., Padilla, Labrador, Concepcion, Reyes, J. B. L., Barrera, Paredes, Dizon, and Makalintal, JJ., concur.

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