

ALFREDO DE LA FUENTE, AS COLLECTOR OF CUSTOMS, PORT OF SUAL, ROLANDO GEOTINA, AS COMMISSIONER OF CUSTOMS, HILARIO RUIZ, AS FLAG OFFICER IN COMMAND, PHILIPPINE NAVY, AND GIL FERN...

G.R. No. L-35385. January 31, 1983

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

On June 16, 1972, at 6:00 o'clock in the afternoon, the crew of a Q-boat of the Philippine Coast Guard spotted a vessel, the M/V Lucky Star I, owned by the private respondent Lucky Star Shipping Co., unloading cargo to several small watercrafts alongside the vessel off the coast of Zambales approximately thirty (30) nautical miles east of Scarborough Shoal or twenty-three (23) miles east of the International Treaty Limits.

As the Q-boat was approaching the M/V Lucky Star I, it was met by gunfire from the smaller watercrafts which immediately fled from the scene. Only the M/V Lucky Star I was apprehended.

Upon boarding the vessel, the Philippine Coast Guard officers discovered 3,400 cases of foreign made "Champion, menthol, filter-tipped, king-size cigarettes" allegedly owned by Teng Bee Enterprises Co. (HK) Ltd., co-respondent herein. The coast guard officers, also saw on board a certain Deogracias Labrador, Filipino Captain of the domestic watercraft, M/L Sangbay, one of the boats seen alongside the M/V Lucky Star I.

The captain of the Lucky Star I, Li Tak Sin, was not able to present documents or papers for the "Champion" cigarettes. He and the crew were arrested for smuggling. The boarding officers also seized the Lucky Star I and ordered its complement, including Labrador, to proceed to Manila on board said vessel.

The Lucky Star I arrived in Manila on June 17, 1972, at 11:00 p.m. On June 18, 1972, Labrador gave a statement before the personnel at the Philippine Navy Headquarters to the effect that his presence on board the Lucky Star I was because of an attempt to smuggle blue seal cigarettes into the country.

On June 20, 1972, a warrant of seizure and detention was issued by the Collector of Customs of the Port of Sual-Dagupan in Seizure Identification No. 14-F-72 against the vessel and articles seized for violation of Section 2530 (a) of the Tariff and Customs Code as to the vessel and Section 2530 (g) and (m-1) as to the cigarettes.

On June 22, 1972, the Acting Provincial Fiscal filed before the Court of First Instance of Zambales, Branch II, an information against Li Tak Sin, the crew of Lucky Star I, Deogracias Labrador, and other persons for violation of Section 101 of the Tariff and Customs Code and penalized under Section 3601 of Republic Act 1937, as amended by Republic Act 4712.

Meanwhile, on June 21, 1972, the private respondents Lucky Star Shipping Company and Teng Bee Enterprises Company (HK) Ltd. filed before the Court of First Instance of Manila, Branch XIV, presided over by respondent judge, the Hon. Jesus de Veyra, a complaint for injunction and recovery of personal property against the

petitioners praying for the return of the goods seized and the release of the M/V Lucky Star I. The case was docketed as Civil Case No. 87435.

On June 23, 1972, the respondent judge issued an order which reads as follows:

"With regard to the petition for mandatory preliminary injunction, this Court must declare itself without jurisdiction with reference to the alleged blue seal cigarettes whose forfeiture is exclusively within the jurisdiction of the Bureau of Customs. With regard to the vessel, as admittedly it is more than 30 tons dead weight and the vessel may not be forfeited but the remedy of the Bureau of Customs would only be the imposition of a fine, the Bureau of Customs is given until June 29, 1972 within which to inform this Court the maximum fine that may be imposed on the vessel, and this shall be the basis for a bond that would entitle Plaintiff to repossess the vessel. In the meantime, until the vessel is released the members of the crew of the vessel are in need of provisions and medicines and the Philippine Navy is ordered to permit Plaintiff, under proper escort of Philippine Navy Guards, to furnish provisions and medicines to the members of the crew."

The petitioners asked for a reconsideration of the aforequoted order insofar as it required them to inform the respondent court of the maximum fine that may be the basis for a bond that would entitle the private respondents to repossess the vessel. The petitioners contended that the court had no jurisdiction over the subject matter of the complaint inasmuch as the M/V Lucky Star I was being subjected to forfeiture under Section 2530-A of the Tariff and Customs Code. It was further contended that the court was devoid of jurisdiction to issue a writ of replevin or release order for goods under the custody of the Bureau of Customs.

The respondent judge denied the petitioners' motion for reconsideration in his order of August 7, 1972 as follows:

"Respondents question the jurisdiction of this Court, as well as the order of this Court holding that as the vessel the question is less than 30 tons dead weight capacity, it may not be the subject of forfeiture. The issue involves Sec. 2530 of the Tariff and Customs Code. Respondents claim that any vessel engaged in smuggling may be forfeited and add that this also includes a vessel less than 30 tons dead weight capacity, because of a semicolon that separates the two phrases. The interpretation of Respondents does not make sense for why should any semicolon appear when regardless of dead weight capacity, according to Respondents, a vessel may be forfeited? The only reasonable interpretation of this section is that if the vessel is of more than 30 tons dead weight capacity, it may not be forfeited and only fined. This stand of this Court is strengthened by a decision of the Court of Tax Appeals making the same ruling and even the Bureau of Customs recently bewailed the defect in the law in the case of the M/V Don Isidro, found carrying smuggled cigarettes and fined the paltry maximum sum of P10,000.00. As this vessel cannot be forfeited legally and Respondents seek to do so, this Court has jurisdiction to grant relief.

"The motion for reconsideration is, therefore, denied for lack of merit."

Hence, this petition for certiorari and prohibition filed by Alfredo de la Fuente, in his capacity as Collector of Customs; Rolando Geotina, as Commissioner of Customs; Hilario Ruiz, as Flag Officer in Command, Philippine Navy; and Gil Fernandez, as Commandant of the Philippine Coast Guard.

The sole issue is whether or not the Court of First Instance has jurisdiction to take cognizance of the complaint filed by the private respondents for the release of the vessel M/V Lucky Star I, which is the subject of a seizure and forfeiture proceedings before the Collector of Customs of the port of Sual-Dagupan.

We find for the petitioners. It is well-settled that the exclusive jurisdiction over seizure and forfeiture cases vested in the Collector of Customs precludes a Court of First Instance from assuming cognizance over such cases. We, therefore, set aside the assailed orders of the respondent judge.

In *Hadji Mohamad Daud v. Collector of Customs of the Port of Zamboanga City* (68 SCRA 157) this Court ruled:

"As early as June 30, 1955, the Court had already announced in *Millarez v. Amparo* (97 Phil. 284-85 [1955]) that 'Republic Act No. 1125, Section 7, effective June 16, 1954 gave the Court of Tax Appeals exclusive appellate jurisdiction to review an appeal, decisions of the Commissioner of Customs, involving 'seizure, detention or release of property affected . . . or other matter arising under the Customs Law or other law administered by the Bureau of Customs.' Specifically, in *Caltex (Philippines) Inc. v. City of Manila*, (L-30734, July 28, 1969, 25 SCRA 840; see also *Collector of Customs v. Arca*, L-21389, July 17, 1964, 11 SCRA 537) it was held that the law affords the Collector of Customs sufficient latitude in determining whether or not a certain article is subject to seizure or forfeiture and his decision on the matter is appealable to the Commissioner of Customs and then to the Court of Tax Appeals, not to the Court of First Instance. The fundamental reason is that the Collector of Customs constitutes a tribunal when sitting in forfeiture proceedings (*Commissioner of Customs v. Cloribel*, L-20266, January 31, 1967, 19 SCRA 234; *Auyong Hian v. Court of Tax Appeals*, L-25181, January 11, 1967, 19 SCRA 10; *Auyong Hian v. Court of Tax Appeals*, L-28782, September 12, 1974, Second Division, per Zaldivar, J., 59 SCRA 130) beyond the interference of the Court of First Instance. (*Lopez v. Commissioner of Customs*, L-28235, January 30, 1971, 37 SCRA 33-34) As expressed in *Pacis v. Averia*, (L-22526, November 29, 1966, 18 SCRA 907; see also *Ponce Enrile v. Vinuya*, L-19043, January 30, 1971, 37 SCRA 386-87) ' . . . the Court of First Instance should yield to the jurisdiction of the Collector of Customs. The Jurisdiction of the Collector of Customs is provided for in Republic Act 1937 which took effect on July 1, 1957, much later than the Judiciary Act of 1948. It is axiomatic that a later law prevails over a prior statute. Moreover, on grounds of public policy, it is more reasonable to conclude that the legislators intended to divest the Court of First Instance of the prerogative to replevin a property which is a subject of a seizure and forfeiture proceedings for violation of the Tariff and Customs Code. Otherwise, actions for forfeiture of property for violation of Customs laws could easily be undermined by the simple device of replevin.' The judicial recourse of the owner of a personal property which has been the subject of a seizure and forfeiture proceedings before the Collector of Customs is not in the Court of First Instance but in the Court of Tax Appeals, and only after exhausting administrative remedies in the Bureau of Customs. (*Collector of Customs v. Torres*, L-22977, May 31, 1972, 45 SCRA 281, and cases cited) If the property owner believes that the Collector's conclusion was erroneous, the remedy is by appeal to the Commissioner of Customs, and then to the Court of Tax Appeals should the Commissioner uphold the Collector's decision. The Court of Tax Appeals exercises exclusive appellate jurisdiction to review the ruling of the Commissioner in seizure and confiscation cases, and that power is to the exclusion of the Court of First Instance, which may not interfere with the Commissioner's decisions even in the form of proceedings for certiorari, prohibition or mandamus, which are in reality attempts to review the Commissioner's actions. (*General Travel Service, Ltd. v. David*, L-19259, September 23, 1966, 18 SCRA 66-67, citing cases).

In *Republic v. Bocar* (93 SCRA 79) Chief Justice Enrique M. Fernando, speaking for the Court asserted the doctrine anew:

"The Congress of the Philippines was vested with 'the power to define, prescribe, and apportion the jurisdiction of the various courts' of the Philippines. (Article VIII, Section 1 of the 1935 Constitution). Now it is the National Assembly. (Article X, Section 1 of the present Constitution, insofar as pertinent provides: 'The National Assembly shall have the power to define, prescribe, and apportion the jurisdiction of the various courts, but may not deprive the Supreme Court of its jurisdiction over cases enumerated in Section five hereof.')

Where the matter involved is a seizure and forfeiture proceeding, a court of first instance is devoid of power to act. The customs authorities possess such competence with an appeal to the Court of Tax Appeals. In appropriate cases, there may be further judicial review by this Court in the exercise of its certiorari jurisdiction. The jurisdictional limits thus defined and apportioned, according to the Constitution, must be respected. Respondent judges clearly did not do so. No deference was paid to a host of cases that left no doubt as to their lack of authority to assume jurisdiction. [Cf. *Pascual v. Commissioner of Customs*, 105 Phil. 1039 (1959); *Commissioner of Customs v. Serree Investment Company*, 108 Phil. 1 (1960); *Commissioner of Customs v. Eastern Sea Trading Co.*, 113 Phil. 333 (1961); *Commissioner of Customs v. Santos*, 114 Phil. 589 (1962);

Commissioner of Customs v. Nepomuceno, 114 Phil. 702 (1962); Pascual v. Commissioner of Customs, 114 Phil. 953 (1962); Serree Investment Co. v. Commissioner of Customs, L-19564, Nov. 28, 1964, 12 SCRA 493; Bombay Department Store v. Commissioner of Customs, L-20489, June 22, 1965, 14 SCRA 331; Yupangco and Sons v. Collector of Customs, L-22259, Jan. 19, 1966, 16 SCRA 1; Chan Kian v. Collector of Customs, L-20803, Jan. 31, 1966, 16 SCRA 133; Capulong v. Aseron, L-22989, May 14, 1966, 17 SCRA 11; Lazaro v. Commissioner of Customs, L-22511, May 16, 1966, 17 SCRA 36; Capulong v. Acting Commissioner of Customs, L-22990, May 19, 1966, 17 SCRA 61; Gigare v. Commissioner of Customs, L-21376, Aug. 29, 1966, 17 SCRA 1001.]"

To sustain the assailed orders of the respondent judge, the private respondents would impress upon this Court that the seizure of the M/V Lucky Star I was illegal and against the accepted principles of international law for the following reasons: 1) the M/V Lucky Star I is a foreign vessel registered under the laws of the Republic of Panama and flies the Panamanian flag; 2) the crew of said vessel is composed of aliens; and 3) the M/V Lucky Star I was seized by the Philippine Coast Guard at a distance of eighty-five (85) miles to the nearest land point along the western coast of Luzon. It is contended that inasmuch as the eighty-five (85) mile distance where the Lucky Star I was seized is outside the territorial jurisdiction of the Philippines, the Bureau of Customs is without power to enforce the Philippine Customs law. Consequently, it is argued that the proper forum for the private respondents to obtain relief for the release of the vessel is the ordinary court, more specifically, the Court of First Instance.

The petitioners contend, on the other hand, that the M/V Lucky Star I was apprehended at a point 23 miles east of the International Treaty Limits, well within the territory of the Philippines as defined in Article I of the 1935 Constitution, the Treaty of Paris, and Republic Act No. 3046. The petitioners state that the vessel was caught in the act of smuggling. Deogracias Labrador, left behind by the boat M/L Sangbay of which he was captain, stated he was instructed by Paquito Bacolod of Capipisa, Cavite to meet the Lucky Star I, unload from it cases of blue seal Champion cigarettes together with two other small boats—Pagdila and Nanding—owned by Avelino Bocalan. He admitted that on an earlier date, he had unloaded from the Lucky Star I, 500 cases of blue seal cigarettes which he brought to Capipisa.

The contentions of the private respondents are untenable. The Collector of Customs when sitting in forfeiture proceedings constitutes a tribunal expressly vested by law with jurisdiction to hear and determine the subject matter of such proceedings without any interference from the Court of First Instance. (Auyong Hian v. Court of Tax Appeals, et al, 19 SCRA 10). The Collector of Customs of Sual-Dagupan in Seizure Identification No. 14-F-72 constituted itself as a tribunal to hear and determine among other things, the question of whether or not the M/V Lucky Star I was seized within the territorial waters of the Philippines. If the private respondents believe that the seizure was made outside the territorial jurisdiction of the Philippines, it should raise the same as a defense before the Collector of Customs and if not satisfied, follow the correct appellate procedures. A separate action before the Court of First Instance is not the remedy.

WHEREFORE, the petition is hereby granted. The questioned orders of the respondent court are set aside. The preliminary injunction dated August 24, 1972 is made permanent and the respondent court is ordered to desist from further proceeding in Civil Case No. 87435.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, Vasquez and Relova, JJ., concur.
Plana, J., on official leave.

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