

**PHILIPPINE AMUSEMENT AND GAMING CORPORATION,
PETITIONER, VS. COURT OF APPEALS, HON. JULIO R. LOGARTA, IN
HIS CAPACITY AS PRESIDING JUDGE, RTC-BRANCH 63, MAKATI, MM
AND CASINO OP...**

G.R. No. 108838. July 14, 1997

Ponente: FRANCISCO, J.

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FRANCISCO, J.:

Pursuant to a “Contract to Operate” entered into on December 17, 1985 whereby herein petitioner Philippine Amusement and Gaming Corporation (hereafter PAGCOR) granted private respondent Philippine Casino Operators Corporation (PCOC) sole and exclusive right to manage gambling casinos in the entire Philippines, PCOC operated casinos in Manila, Cebu and Laoag, Ilocos Norte.

Not long thereafter, the Presidential Commission on Good Government (PCGG) sequestered PCOC under a sequestration order dated March 19, 1986, reading:

“Provident International Resources Corp.

Philippine Casino Operators Corporation

M a n i l a

Sir:

By virtue of the powers vested unto this Commission by the President of the Philippines, I hereby order the take-over of all assets, movable or immovable of the two (2) above corporations. It is further ordered that the operations of all casinos in the country be provisionally stopped and until further permit to operate is given by the Philippine Laws Amusement Corporations and this Commission.

The Tax Force headed by Mr. Carmelo Lazatin, is hereby authorized to implement the following:

1. Conduct an inventory of all assets and properties within the premises of the Casinos.
2. To make an audit and inventory of all the money and movable equipments as well as gambling paraphernalia presently being used in the operations of the Casinos.
3. To secure all properties, records, receipts, documents, and other pertinent books of accounts, ledgers relative to the operation of the Casinos.

Very truly yours,

FOR THE COMMISSION

(Sgd.)

MARY CONCEPCION BAUTISTA

Commissioner”

PAGCOR then caused the transportation of gaming and office equipment and paraphernalia used in the Laoag casino to its Metro Manila offices for safekeeping. On June 12, 1986 while the trucks containing said equipment were enroute to PAGCOR’s offices, private respondent Eduardo Marcelo (Marcelo) intercepted said trucks and ordered the drivers to bring the cargoes to his compound at Governor Pascual Avenue, Malabon.

This prompted PAGCOR to file, on July 25, 1986, a civil case before the Makati Regional Trial Court against private respondents Marcelo, PCOC, “John Doe” and “Peter Doe” for recovery of personal property. Presiding Judge Santiago Ranada, Jr., on even date, issued the writ of replevin and consequently, the gaming and office equipment were turned over to PAGCOR.

Judge Julio Logarta heard the case after private respondents (as defendants), on August 13, 1986, filed their answer with counterclaim alleging, among others, that the court has no jurisdiction.

After PAGCOR (as plaintiff) rested its case on November 8, 1990, a demurrer to evidence was filed grounded on (1) the RTC’s non-jurisdiction over the case inasmuch as the subject properties were brought under sequestration, and (2) PAGCOR’s failure to sufficiently prove its ownership over the properties, PAGCOR filed its opposition to the demurrer.

Judge Logarta, acting on the demurrer, issued an order dated May 6, 1991 (the first assailed order) dismissing the case for lack of jurisdiction and lifting the writ of replevin. He ruled that the case falls within the exclusive jurisdiction of the Sandiganbayan, citing as authorities “PCGG v. Peña”[1] which held that:

“Under Section 2 of the President’s Executive Order No. 14 issued on May 7, 1986, all cases of the Commission regarding ‘the Funds, Moneys, Assets, and Properties Illegally Acquired or Misappropriated by Former President Marcos, Mrs. Imelda Romualdez Marcos, their Close Relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees’ whether civil or criminal, are lodged within the ‘exclusive and original jurisdiction of the Sandiganbayan’ and all incidents arising from, incidental to, or related to, such cases necessarily fall likewise under the Sandiganbayan’s exclusive and original jurisdiction, subject to review on certiorari exclusively by the Supreme Court.”,

and “PCGG vs. Nepomuceno”[2] which ruled that regional trial courts, being co-equal bodies with the PCGG which exercises quasi-judicial functions, have no power and authority to control the PCGG.

PAGCOR filed a motion for reconsideration thereof, alleging that the sequestration of PCOC’s assets did not include the gaming and office equipment PAGCOR claims to own. PCOC and Marcelo likewise filed a motion for reconsideration, praying that PAGCOR be directed to return to them all the items seized under the writ of replevin.

Judge Logarta, in an order dated October 15, 1991 (the second assailed order), denied PAGCOR’s motion for reconsideration, but granted that of PCOC and Marcelo.

PAGCOR thereafter filed another motion for reconsideration on November 7, 1991, arguing that the RTC has already acquired and acknowledged jurisdiction. This was likewise denied in an order dated March 4, 1992 (the third assailed order).

PAGCOR sought the nullification of the RTC’s May 6, 1991, October 15, 1991 and March 4, 1992 orders before public respondent Court of Appeals (CA) via petition for certiorari and prohibition, claiming that grave abuse of discretion attended their issuance.

The CA, however, in its now-assailed Decision of January 29, 1993, denied due course to PAGCOR's petition. It basically affirmed the RTC's findings that a) the controversy falls within the jurisdiction of the Sandiganbayan, and b) PAGCOR failed to prove that it owns the subject properties. Hence, this petition.

We disagree with the RTC and the CA on the issue of jurisdiction. While there can be no dispute that PCOC was sequestered, the fact of sequestration alone did not automatically oust the RTC of jurisdiction to decide upon the question of ownership of the subject gaming and office equipment. The PCGG must be a party to the suit in order that the Sandiganbayan's exclusive jurisdiction may be correctly invoked. This is deducible from no less than E.O. No. 14, the "Peña" and "Nepomuceno" cases relied upon by both subordinates courts. Note that in Section 2 of E.O. No. 14 which provides:

"Section 2. The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof.",

it speaks of the PCGG as party-plaintiff. On the other hand, the PCGG was impleaded as co-defendant in both the "Peña" and "Nepomuceno" cases. But here, the PCGG does not appear in either capacity, as the complaint is solely between PAGCOR and respondents PCOC and Marcelo. The "Peña" and "Nepomuceno" cases which recognize the independence of the PCGG and the Sandiganbayan in sequestration cases, therefore, cannot be invoked in the instant case so as to divest the RTC of its jurisdiction, under Section 19 of B.P. 129,[3] over PAGCOR's action for recovery of personal property.

On the question of ownership over the subject properties, the more prudent action is to remand the case to the RTC for its resolution in order that private respondents PCOC and Marcelo may be given the opportunity to present evidence which, by having opted to file a demurrer that was subsequently granted, they were not able to do so. While this recourse seems to run counter to Section 1, Rule 35 of the Rules of Court which reads:

"Section 1. Effect of judgment on demurrer to evidence.— After the plaintiff has completed the presentation of his evidence, the defendant without waiving his right to offer evidence in the event the motion is not granted, may move for a dismissal on the ground that upon the facts and the law the plaintiff has shown no right to relief. However, if the motion is granted and the order of dismissal is reversed on appeal, the movant loses his right to present evidence in his behalf.",

the situation obtaining here makes this provision uncontrolling. The ground contemplated by the rule pertains to the merits of the case. The demurrer and the RTC's dismissal of PAGCOR's complaint, however, principally focused on the RTC's lack of jurisdiction. This is evident from the RTC's repeated citation of the "Peña" case which proclaims the exclusive jurisdiction of the Sandiganbayan. Even if the RTC made the finding that: "a careful evaluation of the evidence presented by the plaintiff established no clear cut conclusion that plaintiff is indeed the owner of these properties",[4] such statement is too general and utterly lacking in explanation that obviously, the issue of ownership was given shallow consideration. Besides, the controversy on ownership is a factual matter that best belongs in the domain of the RTC.

WHEREFORE, the instant petition is hereby GRANTED. The assailed orders of the RTC dated May 6, 1991, October 15, 1991 and March 4, 1992, and the January 29, 1993 Decision of public respondent CA affirming said orders, are REVERSED and SET ASIDE. Let this case be REMANDED to the court of origin for reception of evidence and further proceedings.

SO ORDERED.

Narvasa, C.J., (Chairman), Davide, Jr., Melo, and Panganiban, JJ., concur.

[1] 159 SCRA 556.**[2] 184 SCRA 449.**

[3] As amended by R.A. No. 7691, approved March 25, 1994. It now reads:

“SEC 19. Jurisdictional in civil cases.— Regional Trial Courts shall exercise exclusive original jurisdiction:

- (1) In all civil actions in which the subject of the litigations is incapable of pecuniary estimation;
- (2) In all civil actions which involve the title to, or possession of, real property, or any interest therein, where the assessed value of the property involved exceeds Twenty thousand pesos (P20,000.00) or, for civil actions in Metro Manila, where such value exceeds Fifty thousand pesos (P50,000.00) except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon the Metropolitan Trial Court, Municipal Trial Courts, and Municipal Circuit Trial Courts;
- (3) In all actions in admiralty and maritime jurisdiction where the demand or claim exceeds One hundred thousand pesos (P100,000.00) or, in Metro Manila, where such demand or claim exceeds Two hundred thousand pesos (P200,000.00);
- (4) In all matters of probate, both testate and intestate, where the gross value of the estate exceeds One hundred thousand pesos (P100,000.00) or, in probate matters in Metro Manila, where such gross value exceeds Two hundred thousand pesos (P200,000.00);
- (5) In all actions involving the contract of marriage and marital relations;
- (6) In all cases not within the exclusive jurisdiction of any court, tribunal, person or body exercising jurisdiction of any court, tribunal, person or body exercising judicial or quasi-judicial functions;
- (7) In all civil actions and special proceedings falling within the exclusive original jurisdiction of a Juvenile and Domestic Relations Court, and of the Court of Agrarian Relations as now provided by law; and
- (8) In all other cases in which the demand, exclusive of interest, damages of whatever kind, attorney’s fees, litigation expenses, and costs or the value of the property in controversy exceeds One hundred thousand pesos (P100,000.00) or, in such other cases in Metro Manila, where the demand, exclusive of the abovementioned items exceeds Two hundred thousand pesos (P200,000.00).

[4] RTC order of March 4, 1992. Rollo, p. 55.

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