

GREGORIO R. CASTILLO, PETITIONER, VS. SANDIGANBAYAN AND THE REPUBLIC OF THE PHILIPPINES, RESPONDENTS.

G.R. No. 138231. February 21, 2002

Ponente: BUENA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-138231/>

BUENA, J.:

This is a petition for certiorari, seeking to annul the Resolutions dated November 24, 1998 and February 18, 1999 of the Sandiganbayan in Civil Case No. 0014, which denied petitioner's motion to dismiss the complaint as against him pursuant to the ruling of this Court in *Regala vs. Sandiganbayan*, 262 SCRA 123.

On July 23, 1987, the Republic of the Philippines filed with the Sandiganbayan a complaint for reconveyance, reversion, accounting, restitution and damages against several persons one of which is petitioner. The case was docketed as Civil Case No. 0014. The allegations pertinent to the petitioner reads:

"10. Defendant GREGORIO R. CASTILLO acted as a dummy, nominee and/or agent of Defendants Ferdinand E. Marcos, Imelda R. Marcos, Modesto Enriquez, Trinidad Diaz-Enriquez, Rebecca Panlilio, Erlinda Enriquez Panlilio and Leandro Enriquez in establishing Hotel properties Inc. in order to acquire beneficial interest and control, and conceal ownership, of Silahis International Hotel. He may be served with summons and other court processes at his last known address at 8th Floor Singapore Airlines Bldg., 138 H.V. de la Costa St., Salcedo Village, Makati, Metro Manila.

"xxx xxx xxx

"xxx xxx xxx

"15. Defendant spouses Rebecca Panlilio and Erlinda Enriquez-Panlilio, spouses, Modesto Enriquez and Trinidad Diaz-Enriquez, spouses, Leandro Enriquez, Guillermo Gastrock, Ernesto Abalos and Gregorio R. Castillo in unlawful concert with Defendants Ferdinand E. Marcos and Imelda R. Marcos, taking undue advantage of their close relationship with the latter Defendant spouses, in order to enrich themselves at the expense of Plaintiff, devised several schemes and stratagems, as follows:"[1]

After petitioner moved for a bill of particulars, the Republic filed a Submission attaching a copy of its "Complaint (Expanded per Court-Approved Plaintiff's Manifestation/Motion dated December 8, 1987)" (hereafter the Expanded Complaint). The Republic expanded paragraph 15 (c) of its complaint to read as follows:

"(c) Acquired the controlling interest in the Silahis International Hotel, Inc. by the purchase from the Development Bank of the Philippines (DBP) of seventy-one (71%) per cent of the capital stock of said Silahis International Hotel Inc. and assignment of DBP's various receivable from Silahis worth P187,641,502.76 with the active collaboration, knowledge and willing participation of its Vice-Chairman, Defendant Don M. Ferry who signed all the documents pertaining to such sale and assignment, for the grossly undervalued amount of only P120 Million, to the serious detriment of Plaintiff and the Filipino people. Defendant Gregorio R. Castillo signed all pertinent documents as attorney-in-fact of the defendants Enriquezes and Panlilios."[2]

On February 29, 1988, petitioner filed his Answer including a counterclaim against the Republic. As an

affirmative defense, petitioner alleged in his Answer that:

“3. To the extent that it has been brought against defendant as ‘attorney-in-fact of the defendants Enriquezes and Panlilios’ who as such ‘signed all pertinent documents’ for the latter, without any allegations of knowledge of or participation in the wrongful acts within which the other defendants are charged, the complainant, insofar as defendant is concerned, has been brought against one who is not a real-party-interest.”[3]

On October 24, 1992, petitioner died. Subsequently, a motion to dismiss was filed by his counsel on the ground that since the complaint is one for recovery of money, debt or interest thereon, it does not survive the death of petitioner.

On February 19, 1993, the Sandiganbayan promulgated a Resolution denying petitioner’s motion to dismiss. It ruled that respondent’s cause of action as against petitioner is not abated by the latter’s death, the case being not only one for recovery of money, debt or interest thereon, but one for recovery of real and personal property and that the cause of action being inclusive of claim for damages for tortuous misconduct.

On October 15, 1996, petitioner, represented by his heirs, filed another Motion to Dismiss on the ground that the Complaint against him is violative of the lawyer-client confidentiality privilege and must be dismissed pursuant to the Supreme Court’s decision in *Regala vs. Sandiganbayan*, promulgated on September 20, 1996.

The respondent Republic filed an Opposition to the Motion to Dismiss.

On November 26, 1998, the Sandiganbayan promulgated the herein assailed Resolution dated November 24, 1998 denying the motion to dismiss on the ground that petitioner is being sued as principal defendant for being in conspiracy with other defendants in the commission of the acts complained of. The pertinent portions of the said resolution read:

“In the instant case, the cause of action against herein defendant Castillo is clearly spelled out in paragraphs ‘9’ and ‘15’ of the Complaint, to wit:

‘9. Defendant GREGORIO R. CASTILLO acted as dummy, nominee and/or agent of Defendants Ferdinand E. Marcos, Imelda R. Marcos, Modesto Enriquez, Trinidad Diaz-Enriquez, Rebecca Panlilio, Erlinda Enriquez Panlilio and Leandro Enriquez in establishing Hotel Properties Inc. in order to acquire beneficial interest and control, and conceal ownership, of Silahis International Hotel. He may be served with summons and other court processes at his last known address at 8th Floor Singapore Airlines Bldg., 138 H.V. de la Costa St., Salcedo Village, Makati, Metro Manila.

‘xxx xxx xxx

‘xxx xxx xxx

‘15. Defendant spouses Rebecca Panlilio and Erlinda Enriquez-Panlilio, spouses, Modesto Enriquez and Trinidad Diaz-Enriquez, spouses, Leandro Enriquez, Guillermo Gastrock, Ernesto Abalos and Gregorio R. Castillo in unlawful concert with Defendants Ferdinand E. Marcos and Imelda R. Marcos, taking undue advantage of their close relationship with the latter Defendant spouses, in order to enrich themselves at the expense of Plaintiff, devised several schemes and stratagems, as follows:’

“Thus, We subscribe to the plaintiff’s opposition that defendant Castillo is being sued as principal defendant for being in conspiracy with the other defendants in the commission of the acts complained of.

“The lawyer-client confidentiality privilege invoked by defendant Castillo in seeking the dismissal of this case is a matter of defense and is premature to be taken into consideration at this stage of the proceedings. In fact this is one of the issues in this case as defendant Castillo in paragraph 3 of his Answer denied the allegations in paragraph 9 of the complaint claiming that he merely acted in his professional capacity as counsel for the

defendants Enriquezes and Panlilios.

“The fact that in PCGG’s expanded complaint it subsequently alleged with particularity that defendant Castillo’s only participation was that he ‘signed all pertinent documents as attorney-in-fact of defendant Enriquezes, ‘the same did not in any manner change the cause of action against defendant Castillo but merely supplements the same.

“PREMISES CONSIDERED and for utter lack of merit, the instant motion to dismiss is hereby DENIED.”[4]

Petitioner filed a motion for reconsideration but the same was likewise denied.

Hence, the present petition.

Petitioner submits that:

“Respondent court committed grave abuse of discretion in disregarding the ruling of this court in Regala v. Sandiganbayan, et al. and in refusing to dismiss Civil Case No. 0014 as against petitioner.”

Petitioner argues that the suit against him is violative of the lawyer-client confidentiality privilege and must be dismissed pursuant to this Court’s decision in Regala vs. Sandiganbayan.

On the other hand, the respondent Republic contends that the ruling in Regala does not apply to the present case, because in said case, there was a clear finding that the ACCRA lawyers were impleaded by the PCGG as co-defendants to force them to disclose the identity of their clients as shown by the PCGG’s willingness to cut a deal with the ACCRA lawyers – the names of their clients in exchange for exclusion from the complaint. In the present case, continues the respondent Republic, petitioner is being sued as principal defendant for being in conspiracy with the other defendants in the commission of the act complained of, and he is not being required to name his clients.

Respondent Republic also posits that petitioner’s claim that he merely acted in his professional capacity as counsel with neither participation in nor knowledge of the unlawful acts allegedly committed by his clients, is a mere allegation that has to be proven.

We find for the petitioner.

It is true that unlike in Regala, petitioner in the present case is not being required to name his clients. However, the case of Regala is still applicable to the present case because the two cases are the same in more important aspects.

The fact of the lawyer-client relationship between petitioner and defendants Enriquezes and Panlilios was immediately raised by petitioner as one of his affirmative defenses. In the same vein, in Regala the professional relationship was raised merely as a defense by defendant lawyers and was not yet proved during the trial. This notwithstanding, this Court struck out the complaint against the lawyers.

The respondent Republic argued in its Comment that:

“Moreover, the rule of confidentiality under the lawyer-client relationship is not a valid ground to dismiss a complaint against a party. It is merely a ground for disqualification of a witness (Section 24, Rule 130, Rules of Court) and may only be invoked at the appropriate time, such as, when a lawyer is under compulsion to answer as witness, as when, having taken the witness stand, he is questioned on such confidential communication or advice, or is being otherwise judicially coerced to produce, through subpoena duces tecum to otherwise, letters or other documents containing the same privileged matter. But defendant is not being required to testify about or otherwise reveal any confidential communication made by the client to him or his

advice given thereon. What is clear from the complaint is that defendant is being sued as principal defendant for being in conspiracy with the other defendants in the commission of the acts complained of.

“Besides, the attorney-client privileged communication does not apply if the confidence received by an attorney is for the purpose of advancing a criminal or fraudulent purpose.”[5]

This was the same argument raised by the Republic in the case of Regala. In overruling the Republic’s position, this Court ruled:

“An argument is advanced that the invocation by petitioners of the privilege of attorney-client confidentiality at this stage of the proceedings is premature and that they should wait until they are called to testify and examine as witnesses as to matters learned in confidence before they can raise their objection. But petitioners are not mere witnesses. They are co-principals in the case for recovery of alleged ill-gotten wealth. They have made their position clear from the very beginning that they are not willing to testify and they cannot be compelled to testify in view of their constitutional right against self-incrimination and of their fundamental legal right to maintain inviolate the privilege of attorney-client confidentiality.”[6]

The doctrine of adherence to judicial precedents or stare decisis is provided in Art. 8 of the Civil Code. The doctrine is enunciated thus:

“The doctrine of stare decisis enjoins adherence to judicial precedents. It requires courts in a country to follow the rule established in a decision of the Supreme Court thereof. That decision becomes a judicial precedent to be followed in subsequent cases by all courts in the land. The doctrine of stare decisis is based on the principle that once a question of law has been examined and decided, it should be deemed settled and closed to further argument.”[7]

WHEREFORE, the Resolutions of the Sandiganbayan dated November 24, 1998 and February 18, 1999 are hereby ANNULLED and SET ASIDE. Respondent Sandiganbayan is further ordered to exclude petitioner Gregorio R. Castillo as party-defendant in SB Civil Case NO. 0014 entitled Republic of the Philippines vs. Modesto Enriquez, et al.

SO ORDERED.

Bellosillo, (Chairman), Mendoza, Quisumbing, and De Leon, Jr., JJ., concur.

[1] Petition, Annex “A,” Rollo, pp. 24-47.

[2] Petition, Annex “B,” Rollo, pp. 50-76.

[3] Petition, Annex “C,” Rollo, pp. 77-84.

[4] Petition, Annex “P,” Rollo, pp. 203-205.

[5] Comment, pp. 5-6, Rollo, pp. 233-234.

[6] Regala vs. Sandiganbayan, 262 SCRA 122, 157 [1996].

[7] Tala Realty Services Corp. vs. Banco Filipino Savings and Mortgage Bank, 334 SCRA 114 [2000]; Acosta, et al. vs. Court of Appeals, et al., 334 SCRA 486 [2000]; Tung Chin Hui vs. Rufus Rodriguez, 340 SCRA 765 [2000].

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.