VICENTE B. CHUIDIAN, PETITIONER, VS. SANDIGANBAYAN (FIFTH DIVISION) AND THE REPUBLIC OF THE PHILIPPINES, RESPONDENTS.

G.R. NO. 156383. July 31, 2006

Ponente: GARCIA, J.

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GARCIA, J.:

Before the Court are these two petitions for certiorari under Rule 65 of the Rules of Court to nullify and set aside certain issuances of the Sandiganbayan, Fifth Division, in Civil Case No. 0027, a suit for recovery of alleged ill-gotten wealth thereat instituted in behalf of the Republic of the Philippines by the Presidential Commission on Good Government, against then President Ferdinand E. Marcos, et al.

In the first petition, docketed as G.R. No. 156383, petitioner Vicente B. Chuidian assails the Resolution dated October 8, 2002[1] of the Sandiganbayan insofar as it denied his Motion for Writ of Execution of the Decision of this Court dated January 19, 2001 in G.R. No. 139941 entitled "Vicente B. Chuidian v. Sandiganbayan (5[th] Division), et al."[2] In the second, docketed as G.R. No. 160723, petitioner Philippine National Bank (PNB) impugns the Resolution dated October 30, 2003[3] of the Sandiganbayan denying its plea for release from compliance with its earlier order of July 10, 2003, infra.

Per its Resolution of March 15, 2004,[4] the Court ordered the consolidation of these two petitions.

At the heart of these proceedings is Letter of Credit (L/C) No. SFD-005-85 - also denominated as SSD-005-85 in some pleadings and other relevant documents - issued by PNB in favor of Vicente B. Chuidian to cover the balance of what Philippine Export & Foreign Loan Guarantee Corporation (PHILGUARANTEE), now Trade & Investment Development Corporation (TIDCORP), undertook to pay Chuidian pursuant to a compromise agreement entered into in the United States.

The factual antecedents which gave rise to these consolidated petitions are set forth in the Court's Decision of January 19, 2001 in G.R. No. 139941, to wit:

> The instant petition of [Vicente B. Chuidian] arises from transactions that were entered into by the government in the penultimate days of the Marcos administration. xxx. As a favored business associate of the Marcoses, Chuidian allegedly ... induce[d] ... the officers of... (PHILGUARANTEE) [sometime in 1980] ... to facilitate the ... issuance of a loan guarantee in favor of the Asian Reliability Company, Incorporated (ARCI) .... ARCI, 98% of which was allegedly owned by Chuidian, was granted a loan guarantee of ... (US$25,000,000.00).
>
> xxx. Although ARCI had received the proceeds of the loan ..., [it] defaulted in the payments thereof, compelling Philguarantee to undertake payments for the same. Consequently, ... Philguarantee sued Chuidian before the Santa Clara County Superior Court, charging that ... Chuidian ... misused the funds ....
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> On November 27, 1985, ..., Philguarantee entered into a compromise agreement with Chuidian whereby ... Chuidian shall assign and surrender title to all his companies in favor of the Philippine government. In return,

Philguarantee shall absolve Chuidian from all civil and criminal liability, ... concerning [his] defaulted loans.

In was further stipulated that ... the Philippine government shall pay Chuidian the amount of Five Million Three Hundred Thousand Dollars (US$5,300,000.00). Initial payment of ... (US$500,000.00) was actually received by Chuidian, as well as succeeding payment of ... (US$200,000.00). The remaining balance of ... (US$4,600,000.00) was to be paid through an irrevocable Letter of Credit (L/C) from which Chuidian would draw ... (US$100,000.00) monthly. Accordingly, on December 12, 1985, L/C No. SSD-005-85 was issued for the said amount by the ... (PNB). Subsequently, Chuidian was able to make two (2) monthly drawings ....

With the advent of the Aquino administration, the ... (PCGG) exerted earnest efforts to search and recover [illegally acquired] money, ... and other assets ....

Petitioner Chuidian was among those whose assets were sequestered .... On May 30, 1986, the PCGG issued a Sequestration Order directing the PNB to place under its custody, for and in behalf of the PCGG, the irrevocable L/C (No. SFD-005-85) ....

In the meantime, Philguarantee filed a motion before the Superior Court of Santa Clara County of California in Civil Case Nos. 557867 and 577697 seeking [but eventually failing] to vacate the stipulated judgment containing the settlement between Philguarantee and Chuidian ... xxx.

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Meanwhile, on February 27, 1987, a Deed of Transfer was executed between [the Republic thru] then Secretary of Finance Jaime V. Ongpin and then PNB President Edgardo B. Espiritu, to facilitate the rehabilitation of PNB, ... The said Deed ... provided for the transfer to the government of certain assets of PNB in exchange for which the government would assume certain liabilities of PNB. Among those liabilities ... assumed were ... [L/C] SSD-005-85 listed under Dynetics, [Inc.] in favor of Chuidian in the amount of ... (US$4,400,000.00).

On July 30, 1987, the government filed before the Sandiganbayan Civil Case No. 0027 against the Marcos spouses ... Chuidian [et al.] ... [for] ... the reconveyance, ... and restitution of all forms of wealth allegedly procured illegally and stashed away by the defendants.

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While the case was pending, ... the Republic .... filed a motion for [and eventually secured an order for the] issuance of a writ of attachment over ... L/C [No. SSD-005-85] ....

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Accordingly, an order of attachment was issued ... on July 19, 1993, ordering the Sandiganbayan Sheriff to attach PNB L/C No. SSD-005-85 for safekeeping . . . as security for the satisfaction of judgment in Sandiganbayan Civil Case No. 0027.

On August 11, 1997, ... Chuidian filed a motion to lift the attachment . . .

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Subsequently, on August 20, 1997, Chuidian filed a motion to require the Republic to deposit the [dormant] L/C in an interest bearing account. xxx he proposed that it would be to the benefit of all if the Sandiganbayan requires PNB to deposit the full amount to a Sandiganbayan trust account at any bank in order to earn interest while awaiting judgment of the action.

xxx xxx xxx

In a Resolution promulgated on November 13, 1998, the Sandiganbayan denied Chuidian's motion to lift

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> attachment.
>
> On the same day, the Sandiganbayan issued another Resolution denying Chuidian's motion to require deposit of the attached L/C in an interest bearing account.
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> On July 13, 1999, the Sandiganbayan [acting on Chuidian's motion for reconsideration] gave due course to Chuidian's plea for the attached L/C to be deposited in an interest bearing account, on the ground that it will redound to the benefit of both parties.
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> The Sandiganbayan declared the national government as the principal obligor of the L/C even though the liability remained in the books of the PNB for accounting and monitoring purposes.
>
> The Sandiganbayan, however, denied Chuidian's motion for reconsideration of the denial of his motion to lift attachment .... (Emphasis and words in bracket added.)

The Sandiganbayan's refusal to reconsider its denial of Chuidian's motion to lift attachment would be assailed in a special civil action for certiorari that would be docketed as G.R. No. 139941.

On January 19, 2001, in G.R. No. 139941, the Court, on the issue of whether or not the Sandiganbayan's refusal to lift the attachment effected on L/C No. SFD-005-85 (numbered, as indicated earlier, as SSD-005-85 in other parts of the Decision and other pleadings) amounted to grave abuse of discretion, rendered judgment (hereinafter the January 19, 2001 Decision) against Chuidian. The dispositive portion of the Decision reads in full as follows:

> WHEREFORE, in view of all the foregoing, the petition is DISMISSED. The Resolutions of the Sandiganbayan dated November 6, 1998 and July 2, 1999[5] are AFFIRMED. The PNB is DIRECTED to remit to the Sandiganbayan the proceeds of Letter of Credit No. SFD-005-85 in the amount of U.S.$4.4 million within fifteen (15) days from notice hereof, the same to be placed under special time deposit with the Land Bank of the Philippines, for the account of the Sandiganbayan in escrow for the person or persons, natural or juridical, who shall eventually be adjudged lawfully entitled thereto, the same to earn interest at the current legal bank rates. The principal and its interest shall remain in said account until ordered released by the Court in accordance with law.

In the same decision, however, the Court declared that the "Sandiganbayan erred in relieving PNB of its liability as the original debtor" of the L/C in question, for the reason that "until such time that the government is able to successfully prove that [Chuidian] has no right to claim the proceeds of the L/C, he is deemed to be the lawful payee-beneficiary of said L/C for which any substitution of debtor requires his consent."

On July 19, 2001, the January 19, 2001 Decision was entered in the Book of Entries of Judgments of this Court.[6] The following relevant incidents then transpired:

- On November 29, 2001, Chuidian filed a Motion for Writ of Execution[7] of the Court's January 19, 2001 Decision in G.R. No. 139941 to compel PNB to deposit the proceeds of L/C No. SFD-005-85 in an interest-bearing account. To this motion, PNB filed an opposition[8] on the ground of supervening event, i.e., the execution of the Republic-PNB Deed of Transfer. An exchange of pleadings followed.

On October 8, 2002, the Sandiganbayan issued a Resolution[9] the fallo of which pertinently reads:

> WHEREFORE, Chuidian's Motion for Writ of Execution is DENIED. However, pursuant to the decision of the Supreme Court, the PNB is DIRECTED to remit to the Sandiganbayan the proceeds of [L/C] No. SFD-005-85 in the amount of U.S.$4.4 million within fifteen (15) days from notice hereof, the same to be placed under special time deposit with the Land Bank of the Philippines, for the account of Sandiganbayan in escrow for the person or persons, natural or juridical, who shall eventually be adjudged lawfully entitled thereto, the same to

> earn interest at the current legal bank rates. xxx.

- Subsequently, Chuidian came to the Court on a petition for certiorari, docketed as G.R. No. 156383, assailing the Sandiganbayan's October 8, 2002 Resolution, supra, but insofar only as it denied his Motion for Writ of Execution. On February 26, 2003, the Court dismissed the petition, via a minute resolution.[10]

- Therefrom, Chuidian filed a Motion for Reconsideration dated April 7, 2003,[11] drawing the Court's attention to the fact that "in so far as to the question of whether or not the amount of 4.4 million Dollars should be deposited into the Land Bank (into an interest bearing account), that question has been decided with finality by the Supreme Court."

On April 30, 2003, the Court denied with finality the above motion for reconsideration.[12] Chuidian then filed an Omnibus Motion for Leave to File Second Motion for Reconsideration & To Refer Case to the Court En Banc,[13] attaching thereto his Second Motion for Reconsideration.

On January 14, 2004, the Court denied the above omnibus motion.[14]

- On February 26, 2004, Chuidian moved for reconsideration of the January 14, 2004 Resolution, therein stating that a favorable action on this motion - which in effect would be to grant a second motion for reconsideration -is in the interest of upholding the power and integrity of the Court whose Orders PNB has totally ignored.

Meanwhile, or on November 28, 2002, Chuidian initiated another motion before the Sandiganbayan for it to enforce its October 8, 2002 resolution[15] and to cite PNB for contempt. In an Order promulgated on July 10, 2003,[16] the Sandiganbayan dismissed the contempt angle of the motion, but, in a virtual repeat of its earlier resolution, again directed PNB to remit to the Sandiganbayan the proceeds of L/C No. SFD-005-85 in the amount and within the period indicated therein.

Subsequent developments saw PNB thrice asking for additional time within which to comply, followed by its filing of a MANIFESTATION IN LIEU OF COMPLIANCE therein stating that, from the on-going negotiations with TIDCORP (formerly PHILGUARANTEE), it discovered that petitioner Chuidian had, in 1991, filed a voluntary petition for bankruptcy in California and that L/C No. SFD-005-85 was included in his scheduled assets; that the trustee of the estate of Chuidian sold the L/C to Fidelity Partners, Inc. (Fidelity); and that Fidelity and TIDCORP had, on February 28, 2003, executed a Deed of Assignment and Quitclaim (Fidelity-TIDCORP Agreement, for brevity)[17] whereby Fidelity transferred and assigned to TIDCORP all its rights and interests over said L/C. On account thus of what it regarded as an excusing "supervening event" - referring to the execution of the aforesaid Fidelity-TIDCORP Agreement, PNB prayed that it be released from its decreed obligation to remit.

The Sandiganbayan, however, denied the desired release per its Resolution of October 30, 2003,[18] dispositively reading:

> WHEREFORE, the prayer of movant PNB in its MANIFESTATION 'IN LIEU OF COMPLIANCE' dated September 30, 2003 that this Court issue an Order releasing it from complying with our July 02, 2003 (should properly be July 10, 2003) Resolution is hereby DENIED for lack of merit. Accordingly, PNB is ordered to comply immediately upon service hereof, with the directive of the Supreme Court in its Decision promulgated last January 19, 2001 which was reiterated by this Court in its Resolution of October 8, 2002 and July 2, 2003, under pain of contempt should it again fail to comply with the same. The Sheriff of this Court is hereby directed to effect the service of this Resolution to the PNB for immediate compliance of the aforementioned Supreme Court's Decision.

The October 30, 2003 Resolution is presently being assailed by PNB in its petition for certiorari, docketed as G.R.

No. 160723.

While awaiting the required comment/s from the respondents in G.R. No. 160723, the Court received PNB's Urgent Manifestation/Motion[19] praying the Court to take judicial notice of the Deed of Release with Quitclaim[20] executed by TIDCORP in favor of PNB. In it, TIDCORP, styling itself as assignee or successor-in-interest of Chuidian/Fidelity on L/C No. SFD-005-85, discharged PNB from any claim arising out of its being the issuer of the L/C. Chuidian opposed the motion.

In its Comment dated February 17, 2004,[21] TIDCORP confirmed, based on its records, PNB's allegations about Chuidian's petition for bankruptcy wherein L/C No. SFD-005-85 was among his assets that the US court ordered executed.

On March 23, 2004, Chuidian submitted his Reply to Comment of TIDCORP pointing out that the foreign judgment alluded to by TIDCORP is not a proper subject of judicial notice under Section 1, Rule 129 of the Rules of Court.[22]

On January 12, 2005, we gave due course to the consolidated petitions and required the submission of memoranda.[23]

In its Memorandum, PNB ascribes the commission of grave abuse of discretion on the part of the Sandiganbayan. The abuse, to borrow from the memorandum, came in the form of the anti-graft court's completely disregarding "the February 28, 2003 Deed of Assignment and Quitclaim entered into by Fidelity ... and TIDCORP as a supervening event that would effectively suspend the enforcement of, or much less, satisfy the January 19, 2001 decision of this Honorable Court which was reiterated by [the Sandiganbayan] in its orders dated October 08, 2003, July 2, 2003 and October 30, 2003."

Chuidian's recourse is, as earlier stated, focused on the October 8, 2002 Resolution of the Sandiganbayan to the extent that it denied his motion for writ of execution involving the January 19, 2001 Decision of this Court in G.R. No. 139941.

As we see it, the decisive issue tendered in these consolidated proceedings turns on the enforcement of the said final and executory January 19, 2001 Decision of the Court in G.R. No. 139941, the occurrence, if that be the case, of what petitioner PNB deems as supervening events notwithstanding.

At the outset, one preliminary procedural issue needs to be addressed. We refer to the effect of the Court's order of consolidation contained in its Resolution of March 15, 2004[24] on the dismissal of the petition in G.R. No. 156383.

As may be recalled, the Court dismissed on February 26, 2003 G.R. No. 156383, therein petitioner Chuidian failing to show that grave abuse of discretion attended the denial by the Sandiganbayan of his motion for issuance of writ of execution involving the January 19, 2001 Decision. Therefrom, Chuidian moved for reconsideration which the Court, on April 30, 2003, denied. On June 12, 2003, Chuidian filed an Omnibus Motion for Leave to File Second Motion for Reconsideration, attaching thereto his Second Motion for Reconsideration. Again, the Court denied said omnibus motion on January 14, 2004. Undaunted, Chuidian moved for reconsideration of the Court's January 14, 2004 denial action. It was when said motion was pending that the Court's order of consolidation of G.R. No. 156383 and G.R. No. 160723 was issued.

Chuidian argues that the consolidation order adverted to had, in effect, given due course to his second motion for reconsideration of the dismissal of his underlying petition in G.R. No. 156383. Citing Francisco,[25] Chuidian claims that since consolidation effectively merges all the different actions consolidated into a single action, and

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that the order of consolidation, if properly decreed, is binding upon all the parties to the different actions until it is vacated or set aside, the Court's order of consolidation in this case revived his heretofore dismissed petition in G.R. No. 156383.

We agree.

Consolidation presupposes that the actions covered by the corresponding order are pending in the same court.[26] Given this perspective, the irresistible conclusion is that the Court, with the consolidation of G.R. No. 160723 with G.R. No. 156383, effectively admitted Chuidian's second motion for reconsideration aforestated and, for all intents and purposes revived his petition in G.R. No. 156383.

Even assuming arguendo that the order of consolidation did not ipso facto work to revive G.R. No. 156383, this Court is possessed with inherent power to suspend its own rules, to except a particular case or save a petition from its operations wherever the demands of justice so require.[27]

It may be that in the minute Resolution of April 30, 2003,[28] the Court denied with finality Chuidian's motion for reconsideration of the dismissal of his petition in G.R. No. 156383. However, it would be in keeping with fair play to reconsider said resolution or denial since the paramount issue here involves the upholding of the integrity of a final judgment of this Court that up to this day seems to have been treated as a pure jargon without effect whatsoever. As it were, the directive contained thereat appears to have been ignored by PNB.

To be sure, a reconsideration and eventual reinstatement of what may be considered a final denial action is not unprecedented. In Uy v. Land Bank of the Philippines,[29] the Court also granted therein petitioner Uy's similar second motion for reconsideration and reinstated in the process an otherwise peremptorily denied petition for review.

To reiterate what the Court has said in Ginete v. Court of Appeals[30] and other cases, the rules of procedure should be viewed as mere instruments designed to facilitate the attainment of justice. They are not to be applied with severity and rigidity when such application would clearly defeat the very rationale for their conception and existence. Even the Rules of Court reflects this principle. The power to suspend or even disregard rules, inclusive of the one-motion rule, can be so pervasive and compelling as to alter even that which this Court itself has already declared to be final. The peculiarities of this case impel us to do so now.

This brings us to the substantive aspect of these cases.

In its bid to be freed from liability arising from its issuance of L/C No. SFD -005-85, PNB argues that the 2003 Fidelity-TIDCORP Agreement is a new matter that arose after the finality of the January 19, 2001 Decision in G.R. No. 139941 has set in. According to PNB, such agreement which it was not cognizant and could not have been aware of during the proceedings before this Court, directly impacts on its obligation to remit the proceeds of the subject L/C to the Sandiganbayan. Thus, the resulting change of ownership of the L/C in favor of TIDCORP is of significant moment since, as PNB argues, it renders the implementation of the said January 19, 2001 Decision - as reiterated in subsequent Sandiganbayan issuances in Civil Case No. 0027 - unjust and inequitable for PNB to perform.

We are not persuaded by PNB's argument.

Long before the execution of the relied-upon quitclaim contracts between Fidelity and TIDCORP, on one hand, and TIDCORP and PNB on the other, L/C No. SFD-005-85 has been in custodia legis of the Sandiganbayan, covered as the L/C was by the attachment order issued on July 14, 1993. Chuidian was, therefore, correct in his contention that the Deed of Assignment and Quitclaim covering the L/C did not, without more, vest any

transferable right in favor of TIDCORP over the L/C. Consequently, TIDCORP could not have, as it cannot, effectively released PNB from its obligation under the L/C since the Sandiganbayan held it in custody as a security for satisfaction of judgment in Civil Case No. 0027 pending before it. Attachment partakes of a proceeding in rem.[31] As such, it is against a particular thing itself instead of against a person[32] that binds the property against the whole world. Such a proceeding reduces the property attached to an indebted thing and virtually condemns it to pay the owner's debt.

PNB, in foisting before this Court the alleged TIDCORP-PNB Deed of Release with Quitclaim and the earlier Fidelity-TIDCORP Deed of Assignment and Quitclaim, cannot plausibly feign ignorance of the Court's ruling in G.R. No. 139941 where we declared that:

> The validity of this Deed of Transfer [between the Republic and PNB] is not disputed. Thus, PNB is estopped from denying its liability thereunder considering that neither the PNB nor the government bothered to secure petitioner's consent to the substitution of debtors. We are not unmindful that any effort to secure petitioner's consent at that time would, in effect, be deemed an admission that the L/C is valid and binding. Even the Sandiganbayan found that:
> ". . . Movant has basis in pointing out that inasmuch as the L/C was issued in his favor, he is presumed to be the lawful payee-beneficiary of the L/C until such time that the plaintiff successfully proves that said L/C is ill-gotten and he has no right over the same.
>
> In Republic v. Sandiganbayan, we held that the provisional remedies, such as freeze orders and sequestration, were not 'meant to deprive the owner or possessor of his title or any right to the property sequestered, frozen of taken over and vest it in the sequestering agency, the Government or other person."

Thus, until such time that the government is able to successfully prove that petitioner has no right to claim the proceeds of the L/C, he is deemed to be the lawful payee-beneficiary of said L/C, for which any substitution of debtor requires his consent. The Sandiganbayan thus erred in relieving PNB of its liability as the original debtor. (Words in bracket added.)

Given the foregoing perspective, it cannot now be said that the Republic, through TIDCORP, could have validly acquired ownership over the subject L/C No. SFD-005-85. For, as long as Sandiganbayan has not, with finality, ruled on the ownership of said L/C, the same is presumptively owned by Chuidian. We said so in our judgment in G.R. No. 139941.

Lest it be overlooked, the authenticity and due execution of the Fidelity-TIDCORP Agreement and its legal effects have not actually been established as evidentiary fact in an appropriate judicial proceedings. In the strict legal viewpoint, therefore, PNB cannot, in this certiorari proceedings, validly invoke the same agreement of which it is not even a party.

For almost the same reason articulated above, neither can PNB, as against Chuidian, effectively set up the alleged TIDCORP-PNB Deed of Release with Quitclaim to help its cause. What is more, TIDCORP, as the alleged assignee/successor-in-interest of Chuidian and beneficiary of L/C No. SSD-005-85, knew all along, being a respondent in G.R. No. 160723, that the issue of ownership over the L/C is still subject of a pending litigation (Civil Case No. 0027) before the Sandiganbayan.

Petitioner PNB's urging for the Court to take judicial notice of both deeds in question cannot be done. This is because the existence, validity and enforceability of said documents, as Chuidian has pointed out at every turn, are not proper subjects of judicial cognizance under Section 1, Rule 129 of the Rules of Court.[33]

In the light of the foregoing disquisitions, there is really no discharging "supervening event" yet upon which PNB can, for the nonce, (a) hitch its claim of non-liability as issuer of L/C No. SFD-005-85, and (b) invoke to exempt

itself from complying with our underlying directive to remit the proceeds of the L/C to the Sandiganbayan. This is not necessarily to say that it cannot, at the proper time and forum and after the deeds in question shall have, in proper proceedings, passed the test of authenticity and due execution, avail itself of the apparent beneficent effects of the same deeds.

While perhaps anti-climactic to so stress at this stage, PNB's attempt to resist complying with what is exacted of it under the January 19, 2001 Decision came after it led, at some point, the Sandiganbayan to believe that it was bent on remitting the proceeds of the L/C to that court in obedience to its and this Court's parallel orders. Two instances easily come to mind: First, as a matter of record, PNB requested the Bureau of Treasury to make available the amount covered by the subject L/C to be deposited in escrow with the Land Bank of the Philippines for the account of the Sandiganbayan;[34] and Second, PNB made known its intention to obey the order to remit, but pleaded that it be given an extension to comply, considering (a) the huge amount involved, and (b) that there would be a need for PNB to comply first with certain bank procedures as well as some Central Bank regulations before it could remit the amount of US$4.4 Million.[35]Having made such representations, PNB cannot now claim that it is no longer liable under the January 19, 2001 Decision without violating the legal and equitable imperatives of estoppel. Accordingly, PNB's lament about the Sandiganbayan gravely abusing its discretion when the latter denied its Manifestation in Lieu of Compliance has to be rejected. What the Sandiganbayan said in its assailed denial October 30, 2003 Resolution commends itself for concurrence:

> The contention of movants PNB is without merit. It is emphasized that this Court is only enforcing the order of the Supreme Court directing it (PNB) to remit to this Court the proceeds of [L/C] No. SFD-005-85 in the amount of US$4.4 million, the same to be placed under special time deposit with the [LBP], for the account of the Sandiganbayan in escrow for the person or persons, natural or juridical, who shall eventually be adjudged lawfully entitled thereto, the same to earn interest at the current legal bank rates .... Indeed, the directive of the Supreme Court was not predicated upon the issue of ownership of the [L/C] as it will be held in escrow of whoever will be eventually adjudged lawfully entitled thereto. Thus, the information given by the PNB that TIDCORP ... is the obligor, beneficiary or guarantor of the subject Letter of Credit, even if we assume that to be true, will not serve as a valid excuse for the PNB not to comply with the order of the Supreme Court. This Court can no longer entertain any pleading which will eventually result in the non-compliance of the aforesaid Supreme Court Decision. Definitely, PNB cannot just exonerate itself from its obligation after it was given several extensions of time, which extensions were granted upon its assurance that it is exerting utmost effort to comply with the aforementioned Court's Order.[36] (Words in bracket added; underscoring in the original)

It bears to stress at this juncture that the Sandiganbayan's October 8, 2002 Resolution and July 10, 2003 Order juxtaposed with its assailed October 30, 2003 resolution to veritably enforce and implement the Court's January 19, 2001 Decision in G.R. No. 139941. In a very real sense, therefore, the Sandiganbayan had already granted what petitioner Chuidian was then asking that court and, presently, this Court, i.e., the execution of said January 19, 2001 Decision, albeit a formal writ of execution has not been issued. Nonetheless, the October 30, 2003 ruling already commanded the Sheriff of the Sandiganbayan to take steps to ensure that PNB, at the risk of contempt, comply immediately with this Court's directive.

At bottom then, Chuidian's petition in G.R. No. 156383 has been rendered moot and academic by the Sandiganbayan's October 30, 2003 Resolution aforestated and its earlier resolution of the same tenor. A moot and academic case or issue is one that ceases to present a justifiable controversy by virtue of supervening events, so that a determination thereof would be of no practical value. In such cases, there is no actual substantial relief to which petitioner would be entitled to and which would be negated by the dismissal of the petition.[37]

We close by making clear certain key premises holding this ponencia together and against which it is cast:

- As peremptorily determined by the Court in its ruling in G.R. No. 139941, PNB is estopped from denying its

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liability under L/C No. SFD-005-85. The Deed of Transfer entered into on February 27, 1987 by and between the Republic and PNB whereby certain liabilities of PNB were transferred to the national government affects or is binding only on the contracting parties, their assigns and privies. It did not relieve PNB, as against Chuidian, from liability as the original debtor under the L/C since there was no valid substitution of debtor;

- Chuidian remains the lawful payee-beneficiary of L/C No. SFD-005-85, until such time that the government, thru any of its agencies or any other interested party, is able to successfully prove in the proper forum that Chuidian has no right or has no longer any right to claim the proceeds of the L/C; and

- The Decision of the Court in G.R. No. 139941 that the proceeds of L/C No. SFD-005-85 be deposited with the LBP to be held in escrow is, as the Sandiganbayan declared,[38] a directive addressed to PNB, not an award for or against any party. The question as to whom such attached proceeds will eventually be awarded to shall be determined at the first instance in Civil Case No. 0027 of the Sandiganbayan, barring any supervening event that would change the factual or legal complexion of the case.

WHEREFORE, the petition in G.R. No. 156383 is DISMISSED on the ground of mootness, while the petition in G.R. No. 160723 is DISMISSED for lack of merit.

The Sandiganbayan is ordered to immediately enforce the Decision of the Court dated January 19, 2001 in G.R. No. 139941, as reiterated in that court's Order promulgated on July 10, 2003 and Resolution on October 30, 2003 in its Civil Case No. 0027.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Corona, and Azcuna, JJ., concur.

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[1] Penned by Associate Justice Francisco H. Villaruz with Presiding Justice Minita V. Chico-Nazario (now a member of this Court) and Associate Justice Ma. Cristina G. Cortez -Estrada concurring; Rollo (G.R. No. 156383), pp. 34-39.

[2]Reported in 349 SCRA 745 (2001).

[3] Rollo (G.R. No. 160723), pp. 35-38.

[4] Id. at 408.

[5] The separate Resolutions were promulgated November 13, 1998 and July 13, 1999, respectively.

[6]Rollo (G.R. No. 160723), p. 87.

[7] Rollo (G.R. No. 156383), p. 63.

[8] Id. at 69 et seq.

[9]Id. at 34 et seq.

[10] Id. at 116

[11] Id. at 117 et seq.

[12] Id. at 133.

[13] Id. at 135.

[14] Id. at 191.

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[15]Supra note 9.

[16] Rollo (G.R. No. 160723), pp. 139 et seq.

[17] Id. at 188 et seq.

[18] Supra note 3.

[19] Dated Dec. 26, 2003; Rollo (G.R. No. 160723), pp. 252 et seq.

[20] Annex "B" to PNB's Urgent Motion; Rollo (G.R. No. 160723), pp. 265-268.

[21] Id. at 374 et seq.

[22]Section 1. Judicial Notice, when mandatory. - A court shall take judicial notice, without the introduction of evidence, of the existence and territorial extent of states, their political history, forms of government and symbols of nationality, the law of nations, the admiralty and maritime courts of the world and their seals, the political constitution and history of the Philippines, the official acts of legislative, executive and judicial departments of the Philippines, the laws of nature, the measure of time, and the geographical division.

[23] Rollo (G.R. No. 156383), p. 260.

[24]Supra note 4.

[25] Vicente Francisco, The Revised Rules of Court, Vol. II, 1966 ed., pp. 348 et seq.

[26]Paras, Rules of Court Annotated, Vol. I, 1996 ed., p. 670, citing Salazar v. CFI of Laguna, 64 Phil. 785.

[27]Ginete v. Court of Appeals, G.R. No. 127596, September 24, 1998, citing cases, 296 SCRA 38.

[28] Supra note 12.

[29] G.R. No. 136100, July 24, 2000, 336 SCRA 419.

[30] Supra note 27.

[31]Feria & Concepcion, Civil Procedure Annotated, Vol. II, p. 277.

[32] The Dial Corporation v. Soriano, G.R. No. L-82330, May 31, 1988, 161 SCRA 737.

[33] Supra note 22.

[34] Par. #6 of PNB's Opposition to the Issuance of Writ of Execution Ad Cautelam; Rollo (G.R. No. 160723), p. 94.

[35] Par. #2 of "Annex "X" of Petition in G.R. No. 160723; Rollo (G.R. No 160723), p. 155.

[36] Supra note 3.

[37] Vda. De Davao v. CA, G.R. No. 116526, March 23, 2004, 426 SCRA 91.

[38]Page 7 of its July 10, 2003 Resolution; Rollo (G.R. No. 160723), p. 143.

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