

**ANTONIO CHUA, JR. AND CARLOS CARILLO, PETITIONERS, VS.
COMMISSIONER TITUS VILLANUEVA, DISTRICT COLLECTOR
MARCIAL LOPEZ, DEPUTY COLLECTOR WINSTON FLORIN,
COLLECTOR ROSALINO MARAV...**

G.R. NO. 157591. December 16, 2005

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

This is a Petition for Review on Certiorari under Rule 45 of the Rules of Court filed by Antonio Chua, Jr. and Carlos Carillo against then Commissioner Titus Villanueva of the Bureau of Customs, et al., questioning the validity of Warrant of Seizure and Detention (WSD) No. 06-2001, dated 23 September 2001, issued by the District Collector of Customs of the Port of Legazpi, which petitioners assail on the ground that there was no finding of any violation to justify its issuance.

The antecedent facts as narrated by the petitioners-appellants are:

On 23 September 2001, the vessel M/V Criston carrying the shipment consisting of thirty-five thousand (35,000) bags of rice from the Port of Manila docked at the Port of Tabaco, Albay. The rice was shipped to petitioners Antonio Chua, Jr. and Carlos Carillo by their supplier in Manila and to be paid upon delivery thereof to Tabaco, Albay. Upon the arrival of the said vessel, Acting Port Collector Rosalino L. Maravillo immediately conducted the usual Verification Order and/or Hold Order based on the documents submitted. At about ten o'clock in the morning of the same day, then Commissioner of Customs Titus Villanueva, who had been earlier informed by the NCR-Central Luzon Philippine Coast Guard that M/V Criston was never given any departure clearance by the said office, issued a verbal instruction to then District Collector Atty. Marcial F. Lopez to issue immediately a WSD against M/V Criston and its cargo. Since it was a Sunday, District Collector Lopez instructed his Deputy District Collector Atty. Winston B. Florin to issue a WSD[1] against the vessel and its rice cargo, which reads:

WHEREAS, the verbal instruction of Customs Commissioner Titus B. Villanueva at about past 10:00 o'clock this morning, Sunday, September 23, 2001, to Atty. MARCIAL F. LOPEZ, District Collector, this Port, thru the latter's Cell Phone, relayed to the undersigned via faxed Memo received today, which is quoted "Marcial, mag-issue ka ng WSD ngayon against vessel M/V `CRISTON' and its rice cargo now in Tabaco." In compliance with this instruction, I now issue this Warrant of Seizure and Detention.

WHEREAS, based on the documents submitted to this Office, the undersigned cannot find any violation to (sic) Section 2530 of the TCCP, as amended, however, reservation is hereby made to make necessary amendments hereto should a violation arises (sic) thereafter.

WHEREFORE, by virtue of the authority vested in me by law, and in compliance with pertinent customs laws, rules and regulations, you are hereby ordered to forthwith seize the aforementioned articles. Compliance with Customs Memorandum Order No. 8-84, particularly on the matter of making a return of service and the submission of the inventory report or list of the articles is to be strictly observed.

To protect their property rights and interests against the alleged illegality of the actions of the respondents Bureau of Customs officers, petitioners filed a Petition for Prohibition with Prayer for the Issuance of Preliminary Injunction and Temporary Restraining Order[2] (TRO) before the Regional Trial Court (RTC) of Tabaco, Albay, Branch 15, docketed as Civil Case No. T-2170, questioning the authority exercised by the Customs officials in issuing an invalid WSD with grave abuse of discretion amounting to lack of jurisdiction.

After finding the petition to be sufficient in form and substance, and considering that the matter involved was of extreme urgency as the applicants would suffer grave injustice, Judge Arnulfo B. Cabredo of the RTC issued a seventy-two (72)-hour TRO[3] conditioned upon the filing by the petitioners of a Bond in the amount of Thirty-One Million Four Hundred Fifty Thousand Pesos (P31,450,000.00) representing the value of the goods. Upon the filing by the petitioners of the required surety-bond, the 35,000 bags of rice were released to them.

On 02 October 2001, then District Collector Atty. Marcial F. Lopez filed a motion to lift the TRO[4] issued by the RTC which motion was denied for lack of merit.[5] Thereafter, Atty. Lopez filed a Motion to Dismiss the Petition[6] dated 08 October 2001 on the ground of lack of jurisdiction. On 22 October 2001, the RTC issued an Order denying the Motion to Dismiss[7] on the ground that the WSD issued does not state any violation of Section 2530 of the Tariff and Customs Code of the Philippines, as amended, and that the trial court is not aware of any seizure or forfeiture proceedings against the vessel and the 35,000 bags of rice, being conducted by the Bureau of Customs.

A Motion for Reconsideration[8] dated 07 November 2001 was filed by the District Collector. The trial court ordered the petitioners to submit their Comment to the Petition.[9] The motion was given a favorable ruling by the trial court in an Order dated 30 January 2002,[10] owing to the fact that the Bureau of Customs of the Port of Legazpi had finally exercised its jurisdiction over the subject matter and therefore it had no other alternative but to dismiss the Petition. The trial court held:

In the light, however, of the ruling of the High Court in *Narciso O. Jao, et al. vs. Court of Appeals, et al.*, G.R. No. 104604, October 6, 1995, 249 SCRA 35, and, *Narciso O. Jao, et al. vs. The Honorable Ombudsman Conrado M. Vasquez, et al.*, G.R. No. 111223, October 6, 1995, 249 SCRA 35, that:

"There is no question that Regional Trial Courts are devoid of any competence to pass upon the validity or regularity of seizure and forfeiture proceedings conducted by the Bureau of Customs and to enjoin or otherwise interfere with these proceedings. The Collector of Customs sitting in seizure and forfeiture proceedings has exclusive jurisdiction to hear and determine all questions touching on the seizure and forfeiture of dutiable goods. The Regional Trial Courts are precluded from assuming cognizance over such matters even through petitions of certiorari, prohibition or mandamus.

...

Even if the seizure by the Collector of Customs were illegal, which has yet to be proven, We have said that such act does not deprive the Bureau of Customs of jurisdiction thereon."

this Court has no alternative but to dismiss this case.

WHEREFORE, in view of the foregoing, this petition is hereby ordered DISMISSED.[11]

Petitioners filed a Motion for Reconsideration dated 21 March 2002[12] which was also denied by the trial court in an Order dated 5 April 2002.[13]

The petitioners next sought recourse before the Court of Appeals by way of an Appeal under Rule 41 of the Rules of Court.[14] In a Decision[15] dated 26 December 2002,[16] the Court of Appeals dismissed the Appeal and affirmed the assailed Orders of the RTC dated 30 January 2002 and 5 April 2002. Petitioners filed a Motion for

Reconsideration[17] dated 16 January 2003 which the Court of Appeals denied for lack of merit in a Resolution[18] dated 13 March 2003.

Hence, this Petition[19] for Review on Certiorari under Rule 45 of the Rules of Court.

The singular issue[20] for determination in this Petition assigned by the petitioners is:

WHETHER OR NOT THE RESPONDENTS-APPELLEES BUREAU OF CUSTOMS VALIDLY ACQUIRED JURISDICTION OVER THE SUBJECT RES BY VIRTUE OF A WARRANT OF SEIZURE AND DETENTION NO. 06-2001 CONSIDERING THAT THE SAME EXPRESSLY STATE THAT THERE WAS NO VIOLATION COMMITTED UNDER THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES (TCCP), AS AMENDED, NOR THE SAME WAS AMENDED TO CURE THE APPARENT FATAL DEFECT?

In support of their argument, petitioners cite Section 2535 of the Tariff and Customs Code of the Philippines which reads:

Section 2535. Burden of Proof in Seizure and/or Forfeiture. – In all proceedings taken for the seizure and/or forfeiture of any vessel, vehicle, aircraft, beast or articles under the provisions of the tariff and customs laws, the burden of proof shall lie upon the claimant: Provided, That probable cause shall first be shown for the institution of such proceedings and that seizure and/or forfeiture was made under the circumstances and in the manner described in the preceding sections of this Code. (Emphasis supplied.)

Petitioners further cite Customs Memorandum Order No. 8-84 which provides:

- All applications for issuance of a warrant of seizure and detention shall be accompanied with a report of seizure properly accomplished and signed by the official concerned and in prescribed form (BC Form 100). The report of seizure shall state the specific grounds or conditions upon which the application is based and the provision of the customs law or regulations violated. x x x
- In cases of seizures/apprehension for violation of the customs laws or regulations made prior to issuance of a warrant, by elements of the NCP, the CIID or other authorized law enforcement agency, the application for a warrant shall, in addition to the report of seizure, contain a brief statement of the fact and circumstances surrounding the apprehension or seizure and the basis thereof. . . .

Petitioners insist that the above requirements were not observed.

In resolving to deny the appeal, the Court of Appeals relied heavily on the case of *Rallos v. Gako, Jr.*, [21] and We quote:

There is no question that Regional Trial Courts are devoid of any competence to pass upon the validity or regularity of seizure and forfeiture proceedings conducted by the Bureau of Customs and to enjoin or otherwise interfere with these proceedings. The Collector of Customs sitting in seizure and forfeiture proceedings has exclusive jurisdiction to hear and determine all questions touching on the seizure and forfeiture of dutiable goods. The Regional Trial Courts are precluded from assuming cognizance over such matters even through petitions for certiorari, prohibition or mandamus.

. . .

The rule that Regional Trial Courts have no review powers over such proceedings is anchored upon the policy of placing no unnecessary hindrance on the government's drive, not only to prevent smuggling and other frauds upon Customs, but more importantly, to render effective and efficient the collection of import and export duties due the State, which enables the government to carry out the functions it has been instituted to perform.

Even if the seizure by the Collector of Customs were illegal, which has yet to be proven, we have said that

such act does not deprive the Bureau of Customs of jurisdiction thereon." [Citing *Jao versus Court of Appeals*, 49 SCRA 35].

The Supreme Court went on further to state that:

. . . Administrative Circular No. 07-99 (Entitled "RE EXERCISE OF UTMOST CAUTION, PRUDENCE, AND JUDICIOUSNESS IN ISSUANCE OF TEMPORARY RESTRAINING ORDERS AND WRITS OF PRELIMINARY INJUNCTION," dated June 25, 1999), cautioning lower court judges in their issuance of temporary restraining orders and writs of preliminary injunctions, emphasized this lack of jurisdiction of trial courts. It stressed, inter alia, the rule enunciated in *Mison v. Natividad* (213 SCRA 734, September 11, 1992): that the Collector of Customs has exclusive jurisdiction over seizure and forfeiture proceedings.[22]

The petition is devoid of merit.

Jurisdiction over the instant case is well-settled by law and jurisprudence.

The Tariff and Customs Code of the Philippines under Section 602 provides:

SECTION 602. Functions of the Bureau. - The general duties, powers and jurisdiction of the Bureau shall include:

. . .

(g) Exercise exclusive original jurisdiction over seizure and forfeiture cases under the tariff and customs laws. (Emphasis ours.)

The most recent case of *R.V. Marzan v. Court of Appeals*,^[23] citing *Jao v. Court of Appeals*, laid down the following jurisprudence:

In *Jao v. Court of Appeals* (249 SCRA 35), we held that the RTC is devoid of any competence to pass upon the validity or regularity of seizure and forfeiture proceedings conducted by the Bureau of Customs, and to enjoin or otherwise interfere with the said proceedings even if the seizure was illegal. Such act does not deprive the Bureau of Customs of jurisdiction thereon. Thus, we held:

There is no question that Regional Trial Courts are devoid of any competence to pass upon the validity or regularity of seizure and forfeiture proceedings conducted by the Bureau of Customs and to enjoin or otherwise interfere with these proceedings. The Collector of Customs sitting in seizure and forfeiture proceedings has exclusive jurisdiction to hear and determine all questions touching on the seizure and forfeiture of dutiable goods. The Regional Trial Courts are precluded from assuming cognizance over such matters even through petitions of certiorari, prohibition or mandamus.

It is likewise well-settled that the provisions of the Tariff and Customs Code and that of Republic Act No. 1125, as amended, otherwise known as "An Act Creating the Court of Tax Appeals," specify the proper fora and procedure for the ventilation of any legal objections or issues raised concerning these proceedings. Thus, actions of the Collector of Customs are appealable to the Commissioner of Customs, whose decision, in turn, is subject to the exclusive appellate jurisdiction of the Court of Tax Appeals and from there to the Court of Appeals.

The rule that Regional Trial Courts have no review powers over such proceedings is anchored upon the policy of placing no unnecessary hindrance on the government's drive, not only to prevent smuggling and other frauds upon Customs, but more importantly, to render effective and efficient the collection of import and export duties due the State, which enables the government to carry out the functions it has been instituted to perform.

Even if the seizure by the Collector of Customs were illegal, which has yet to be proven, we have said that such act does not deprive the Bureau of Customs of jurisdiction thereon.

"Respondents assert that respondent Judge could entertain the replevin suit as the seizure is illegal, allegedly because the warrant issued is invalid and the seizing officer likewise was devoid of authority. This is to lose sight of the distinction between the existence of the power and the regularity of the proceeding taken under it. The governmental agency concerned, the Bureau of Customs, is vested with exclusive authority. Even if it be assumed that in the exercise of such exclusive competence a taint of illegality may be correctly imputed, the most that can be said is that under certain circumstances the grave abuse of discretion conferred may oust it of such jurisdiction. It does not mean, however, that correspondingly a court of first instance is vested with competence when clearly in the light of the decisions the law has not seen fit to do so."

The allegations of petitioners regarding the propriety of the seizure should properly be ventilated before the Collector of Customs. We have had occasion to declare:

"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."

From the foregoing jurisprudential declarations and from the clear and unambiguous language of Section 602 of the Tariff and Customs Code of the Philippines, there leaves no room for doubt as to the RTC's lack of jurisdiction over the res which has already been made the subject of seizure and forfeiture proceedings.

WHEREFORE, the instant Petition is denied for lack of merit. The decision of the Court of Appeals dated 26 December 2002 is Affirmed. Costs against the petitioners.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Callejo, Sr., and Tinga, JJ., concur.

[1] Annex C; Rollo, p. 47.

[2] Records, pp. 1-16.

[3] Records, p. 107.

[4] Records, p. 125.

[5] Records, p. 138.

[6] Records, p. 139.

[7] Records, pp. 183-184.

[8] Records, p. 186.

[9] Order of the RTC dated 15 November 2001, Records, p. 195.

[10] Records, pp. 223-224.

[11] Records, p. 224.

[12] Records, p. 225.

[13] Records, p. 235.

[14] Appeal from the Regional Trial Courts.

[15] Penned by Associate Justice Candido V. Rivera with Associate Justices Eubulo G. Verzola and Amelita G. Tolentino, concurring.

[16] Rollo, p. 37.

[17] CA Rollo, p. 73.

[18] Rollo, p. 45.

[19] Rollo, p. 6.

[20] Rollo, p. 104.

[21] A.M. No. RTJ-99- 484 (A), 24 October 2000, 344 SCRA 178.

[22] Id., pp. 186-187.

[23] G.R. No. 128064, 04 March 2004, 424 SCRA 596. See also *Pacis v. Averia*, G.R. No. L-22526, 29 November 1966, 18 SCRA 907; *De Joya v. Lantin*, G.R. No. L-24037, 27 April 1967, 19 SCRA 894, 897; *Romualdez v. Arca*, G.R. No. L-20516, 15 November 1967, 21 SCRA 856.

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