

**PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT, PETITIONER,
VS. SANDIGANBAYAN (SECOND DIVISION) AND RODOLFO
ARAMBULO (DECEASED), SUBSTITUTED BY RONALD L. ARAMBULO,
RESPONDENTS.**

G.R. No. 157592. October 17, 2008

Ponente: NACHURA, J.

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NACHURA, J.:

It is ironic that one's overzealousness may, at times, be the mechanism of dereliction from the true mandate of the office.

This is a Petition for Review on Certiorari[1] under Rule 45 of the 1997 Rules of Civil Procedure assailing the Resolutions[2] dated October 4, 2002 and March 13, 2003 rendered by the Sandiganbayan in Civil Case No. 0188 dismissing the Complaint[3] filed by the Presidential Commission on Good Government (PCGG) against Rodolfo Arambulo for recovery of ill-gotten wealth.

The antecedents:

Piedras Petroleum Company, Inc. was incorporated in 1976. Listed incorporators were George Alba, Nestor Mata, Dominador Pangilinan, Salvador Tan, Mariano del Mundo, and directors/subscribers were Francisca de Leon and Rodolfo Arambulo. It has an authorized capital stock of P20,000,000.00 divided into 2,000,000,000 shares at P0.01 per share.[4]

On July 23, 1987, the PCGG sequestered all the stockholdings, rights and interests of the seven directors and subscribers in Piedras.[5] Later, this became the subject of controversy in Civil Case No. 0034 against Roberto S. Benedicto, Ferdinand Marcos and Imelda Marcos as principal defendants and 32 other defendants,[6] among them Nestor Mata, Dominador Pangilinan and Rodolfo Arambulo, incorporators and directors of Piedras, alleged to be dummies of the principal defendants. Subsequently, the PCGG amended its complaint for "reconveyance," "reversion" or "restitution" of alleged ill-gotten wealth amassed by the Marcoses and Benedicto; Piedras was not included in the list[7] of alleged ill-gotten wealth sought to be recovered by the PCGG. However, the complaint mentions "Frozen Bank Accounts and other assets of Rodolfo Arambulo" and contains a catch-all clause: "And all other assets of all the defendants sequestered and/or frozen by the Commission pursuant to Executive Order Nos. 1 and 2."

On November 3, 1990, the Republic through the PCGG, and principal defendant Benedicto entered into a Compromise Agreement[8] which was approved by the Sandiganbayan on October 2, 1992. Later, the PCGG, represented by then Chairman David M. Castro, sought the annulment of the Compromise Agreement, but this Court, in *Republic v. Sandiganbayan*[9] upheld its validity and ordered the parties to strictly comply with the terms thereof.

On September 5, 1994, a General information Sheet was submitted to the Securities and Exchange Commission

(SEC) for Piedras Petroleum Company, Inc. listing the Republic of the Philippines as owner of 6/7 of the shares, amounting to P8,574,999.05 of which P4,287,000.00 is paid-up. Arambulo is listed as owner of the remaining 1/7 of the shares, amounting to P1,424,999.00 of which P712,499.00 is paid-up.

On March 13, 1996, Arambulo filed before the Sandiganbayan a Motion for Execution of the Compromise Agreement to which PCGG vehemently objected claiming that Arambulo has no legal personality to ask for the execution of the judgment since he is not a party to the Compromise Agreement. The Sandiganbayan, in its Resolution[10] dated July 11, 1997, declared Arambulo to be the subscriber-owner of 1/7 of the shares in Piedras. The dispositive portion of the resolution reads:

WHEREFORE, in view of the foregoing considerations, the Court holds that Rodolfo T. Arambulo is the subscriber-owner of 145,000,000 shares issued by Piedras Petroleum Company, Inc. with the par value of P0.01 per share or a total of P1,425,000.00, P712,500.00 of which is fully paid-up, free of any sequestration lien; and, accordingly, orders the Presidential Commission on Good Government, as sequestrator of the said shares and/or as holder of the great majority of stock in Piedras acting through its Board of PCGG nominated Directors:

- To release in favor of Rodolfo T. Arambulo all the dividends corresponding to his Piedras shares; and
- To cease from interfering with/and or obstructing the peaceful exercise of his rights of ownership over the Piedras shares, including the right to vote and to be voted for.

SO ORDERED.

Subsequently, the PCGG filed with this Court another action for the "annulment of the Resolution" of the Sandiganbayan pertaining the Arambulo shares, and on February 19, 2001, in *Republic v. Sandiganbayan*,[11] we dismissed the petition, thus -

Upon examination of the pleadings filed by the parties, the Court finds the instant petition to be not prima facie meritorious. Petitioner's arguments for the annulment of the assailed Sandiganbayan Resolutions revolve around the alleged absence of factual and legal basis for declaring respondent Arambulo as the subscriber-owner of 145,000,000 Piedras shares of stock. But as heretofore discussed, the assailed Resolutions fully explained the reasons why affirmative relief should be granted to private respondent Arambulo.

x x x x

Petitioner having failed to present sufficient grounds for this Court to give due course to the instant petition, the same should be dismissed.

On February 15, 2002, a new Complaint[12] for recovery of ill-gotten wealth was filed by the PCGG against Rodolfo Arambulo at the Sandiganbayan. The complaint sought the recovery of the 145,000,000 Piedras shares of stock earlier declared as the Arambulo shares.

The PCGG alleged that the defendant is likewise a nominee of former Ambassador Roberto S. Benedicto, the principal defendant in Civil Case No. 0034; that when Benedicto entered into a Compromise Agreement with the Republic of the Philippines, all the stockholders of Piedras, except Arambulo, assigned all their shareholdings to the government; and that per investigation and verification by the PCGG; the paid-up capital of Piedras amounting to P5,000,000.00 was actually paid by Imelda Marcos, including the questioned shares of Arambulo; and that, therefore, the Arambulo shares were ill-gotten.

On April 1, 2002, respondent Rodolfo Arambulo, through counsel, filed a Motion to Dismiss with prayer for Direct/Indirect Contempt,[13] alleging that the issue of ownership of the shares of stock registered in the name of Rodolfo Arambulo in Piedras Petroleum Company, Inc. had already been settled in Civil Case No. 0034, wherein

the Sandiganbayan, Second Division, ordered the PCGG to cease and desist from interfering with the rights of Rodolfo Arambulo as stockholder of Piedras Petroleum Company, Inc. Thus, by filing the new complaint, the PCGG, through its Legal Director Manuel P. Paras and PCGG counsel Edgardo L. Kilayko, engaged in deliberate "forum shopping," which is punishable as direct/indirect contempt.

On June 5, 2002, the PCGG filed an Opposition^[14] contending that though respondent Arambulo was also a defendant in Civil Case No. 0034, the issue of whether his shares of stocks in Piedras Petroleum Company, Inc. was ill-gotten was never raised.

Acting on the Motion to Dismiss, the Sandiganbayan dismissed Civil Case No. 0188 in a Resolution^[15] dated October 4, 2002, on the basis of *res judicata*. The decretal portion of the resolution reads:

Accordingly, this case is hereby ordered DISMISSED. The Presidential Commission on Good Government (PCGG) officials, Director of Legal Department Manuel P. Parras and PCGG counsel Edgardo L. Kilayko are hereby adjudged to have indulged in forum shopping, and, consequently, guilty of contempt of court. They are ordered to pay the fine of P1,000.00 each with subsidiary imprisonment in case of insolvency, and to refrain from further disrupting the peaceful ownership and possession of defendant Arambulo regarding his shares in the Piedras Petroleum Company, Inc.

SO ORDERED.

The PCGG filed a motion for reconsideration,^[16] which was denied by the Sandiganbayan on March 13, 2003.

In a Petition for Review on Certiorari filed before us, the PCGG assigned the following errors:

- RESPONDENT SANDIGANBAYAN, SECOND DIVISION, ERRED IN HOLDING THAT THE COMPLAINT IN CIVIL CASE NO. 0188 IS BARRED AND DISMISSIBLE ON THE GROUND OF RES JUDICATA;
- RESPONDENT SANDIGANBAYAN, SECOND DIVISION, ERRED IN DISMISSING CIVIL CASE NO. 0188 EVEN WITHOUT RECEIVING EVIDENCE FROM THE PETITIONER;
- RESPONDENT SANDIGANBAYAN, SECOND DIVISION, ERRED IN HOLDING THAT THE PCGG OFFICIALS, DIRECTOR OF LEGAL DEPARTMENT MANUEL P. PARRAS AND PCGG COUNSEL EDGARDO L. KILAYKO HAVE INDULGED IN FORUM SHOPPING AND CONSEQUENTLY GUILTY OF CONTEMPT.

We deny the petition.

Under the rule of *res judicata*, a final judgment or order on the merits, rendered by a court having jurisdiction of the subject matter and of the parties, is conclusive in a subsequent case between the same parties and their successor-in-interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity. The requisites for the application of the principle are: (1) there must be a final judgment or order; (2) said judgment or order must be on the merits; (3) the court rendering the same must have jurisdiction over the subject matter and the parties; and (4) there must be, between the two cases, identity of parties, identity of subject matter, and identity of causes of action.

Of these four elements, the PCGG questions only the presence of the fourth, contending that there was "no identity of subject matter" between Civil Case No. 0188 and Civil Case No. 0034 inasmuch as the Sandiganbayan never acquired jurisdiction over the alleged Piedras Shares of Arambulo in the latter case. It argues that the Amended Complaint in Civil Case No. 0034 does not allege or mention the shares of stock of respondent Arambulo in Piedras Petroleum Company, Inc. and, therefore, they are not included in the subject matter of that case.

In addition, the PCGG insists that there was "no identity of causes of action" because in Civil Case No. 0034, the cause of action was the conspiracy between Roberto S. Benedicto and Miguel Gonzales in establishing the California Overseas Bank, while in Civil Case No. 0188, it is the ill-gotten wealth of Arambulo in the form of 145,000,000 shares of stock in Piedras Petroleum Company, Inc.

This Court finds the petitioner's contention untenable.

First, a perusal of the records of this case and that of G.R. No. 140615[17] reveals that the shares of stock of Piedras Petroleum Company Inc. were part of the subject matter of Civil Case No. 0034, as the case involved the recovery of the entire Piedras shares, including the 1/7 registered in the name of Arambulo. Although Annex "A" of the Amended Complaint in Civil Case No. 0034, listing the claimed ill-gotten wealth amassed by Benedicto and his co-defendants, does not mention Piedras Petroleum Company, Inc., it, however, mentioned "Frozen Bank Accounts and other assets of Rodolfo Arambulo" and "And all other assets of all the defendants sequestered and/or frozen by the Commission pursuant to Executive Order Nos. 1 and 2." The Piedras shares, including those of Arambulo were among those sequestered by the PCGG on July 23, 1987, thus making them a matter subject of the said case against Benedicto.

Further, in G.R. No. 140615, this Court denied due course to the petition of the PCGG for the annulment of the Sandiganbayan Resolution dated July 4, 1997 and recognized Rodolfo T. Arambulo as the subscriber-owner of the 145,000,000 shares issued by Piedras Petroleum Company, Inc. There, we said that the petitioner failed to prove that the Arambulo shares of stocks were indeed paid for by the principal defendants in Civil Case No. 0034, thus -

[P]etitioner alleges that it was "xxx Imelda R. Marcos who funded the paid-up subscriptions of all the seven (7) incorporators xxx including that of Arambulo's P712,000.00 (as reflected in the Piedras Articles of Incorporation), with TRB (Traders Royal Bank) Check No. 582753 dated March 31, 1976, for P5 million, taken from TRB Investment Management Account (IMA) No. 75-20 of Imelda R. Marcos, and deposited for Piedras under Current Account No. 30499." Petitioner supports its allegation with Annex "E," appearing on pages 90-91 of the case rollo, which is a copy of the TRB Check Voucher Authority To Pay Disbursement & Advance showing the withdrawal of funds from IMA 75-20. This attachment merely showed that the money for the Piedras shares came from IMA 75-20. There is no showing, however, that IMA No. 75-20 indeed belonged to Mrs. Imelda R. Marcos.[18]

Thus, the PCGG cannot now claim that there is a variance of subject matter in Civil Case No. 0034 and in Civil Case No. 0188, since both actions seek to tag the Piedras shares as ill-gotten and to recover the same in favor of the Republic.

Second, despite the PCGG's unwavering stand that there is no identity of causes of action, it is precluded from litigating facts and issues already resolved in Civil Case No. 0034. A Compromise Agreement judicially approved has the force of res judicata between the parties. Petitioner is barred to bring anew a similar action involving the same facts and issues subject of the Compromise Agreement.

The authority of the PCGG to validly enter into compromise agreement for the purpose of avoiding litigation or putting an end to one already commenced is indisputable.[19] It is significant that the PCGG-Benedicto Compromise Agreement explicitly included Civil Case No. 0034 as part of the reciprocal concessions between the Republic of the Philippines and Roberto S. Benedicto, thus:

WHEREAS, specifically, these claims are the subject matter of the following cases:

- Sandiganbayan Civil case No. 9

- Sandiganbayan Civil case No. 24
- Sandiganbayan Civil Case No. 34 [emphasis supplied]
- Tanodbayan (Phil-Asia)
- PCGG I.S. No. 1"[20]

In G.R. No. 140615 and G.R. Nos. 108292, 108386, 108548-49 and 108550,[21] this Court upheld the validity of the PCGG-Benedicto Compromise Agreement. The PCGG cannot be allowed to question repeatedly the provisions of the Compromise Agreement even if it now appears that it was short-changed in the settlement. It is a long-established doctrine that the law does not relieve a party from the effects of an unwise, foolish, or disastrous contract, entered into with all the required formalities and with full awareness of what he was doing.[22] Courts have no power to relieve parties from obligations voluntarily assumed, simply because their contracts turned out to be disastrous deals or unwise investments.[23] Therefore, no questions of facts and substance can be invoked in a second case that will disturb what had been adjudicated in Civil Case No. 0034, as they would unavoidably violate the principle of res judicata.

The doctrine of res judicata has two aspects. The first, known as "bar by prior judgment," or "estoppel by verdict," is the effect of a judgment as a bar to the prosecution of a second action upon the same claim, demand or cause of action. The second, known as "conclusiveness of judgment," otherwise known as the rule of autre action pendent, ordains that issues actually and directly resolved in a former suit cannot again be raised in any future case between the same parties involving a different cause of action.[24]

Even assuming arguendo that the cause of action in Civil Case No. 0034 is not identical to that in Civil Case No. 0188, petitioner cannot escape the clutches of res judicata. While it appears that the Sandiganbayan dismissed this case on the first aspect of res judicata, we hold that second aspect, which is conclusiveness of judgment, is applicable.

As repeatedly explained by this Court:

[C]onclusiveness of judgment -- states that a fact or question which was in issue in a former suit and there was judicially passed upon and determined by a court of competent jurisdiction, is conclusively settled by the judgment therein as far as the parties to that action and persons in privity with them are concerned and cannot be again litigated in any future action between such parties or their privies, in the same court or any other court of concurrent jurisdiction on either the same or different cause of action, while the judgment remains unreversed by proper authority. It has been held that in order that a judgment in one action can be conclusive as to a particular matter in another action between the same parties or their privies, it is essential that the issue be identical. If a particular point or question is in issue in the second action, and the judgment will depend on the determination of that particular point or question, a former judgment between the same parties or their privies will be final and conclusive in the second if that same point or question was in issue and adjudicated in the first suit. Identity of cause of action is not required but merely identity of issues.[25]

In cases wherein the doctrine of "conclusiveness of judgment" applies, there is, as in Civil Case No. 0034 and Civil Case No. 0188 identity of issues not necessarily identity of causes of action. The prior adjudication of the Sandiganbayan affirmed by this Court in G.R. No. 140615, as to the ownership of the 1/7 Piedras shares of Arambulo, is conclusive in the second case, as it has been judicially resolved.

The filing of Civil Case No. 0188, although it has a different cause of action from Civil Case No. 0034, will not enable the PCGG to escape the operation of the principle of res judicata. A case litigated once shall not be relitigated in another action as it would violate the interest of the State to put an end to litigation - republicae ut sit

litium and the policy that no man shall be vexed twice for the same cause - nemo debet bis vexari et eadem causa.[26] Once a litigant's rights had been adjudicated in a valid final judgment by a competent court, he should not be granted an unbridled license to come back for another try.[27]

The PCGG also charges the Sandiganbayan, Second Division, with grave abuse of discretion in dismissing Civil Case No. 0188 without receiving evidence. PCGG alleges that when the court dismissed the case, it abandoned its duty to try and decide ill-gotten wealth cases.

Moreover, the PCGG asserts that there is no forum shopping as it was Commissioner Ruben C. Carranza, Jr. who signed the Verification and Certification of the Complaint in Civil Case No. 0188 and not Manuel P. Parras, Director, PCGG Legal Department and Edgardo L. Kilayko, legal counsel of the PCGG, for they only complied with their duty of filing cases for the recovery of ill-gotten wealth as mandated by the organic law creating the PCGG.

A perusal of the records will disprove petitioner's contentions. The Complaint for Civil Case No. 0188 merely attaches the very same documents previously presented in G.R. No. 140615. We stress that it is not a parcel of the right to due process to compel the courts to review its judgment as to the evidence previously presented before it. The Sandiganbayan should not be burdened with the duty to scrutinize the same pieces of evidence that it previously discredited and which, similarly, were reviewed and found insufficient by this Court. The respondent court simply took judicial notice of the findings of this Court in G.R. No. 140615, as these facts need not be proved.[28]

On the issue of forum shopping, it is settled that the test for determining whether a party engaged in forum shopping is: are the elements of *litis pendentia* present, or will a final judgment in one case amount to *res judicata* in the other. In either case, forum shopping can be cited by the other party as a ground for summary dismissal of the petition and for the imposition of other sanctions.[29]

The instant petition falls squarely under the second test. Although Parras and Kilayko did not sign the Verification and Certification, this does not negate the fact that, for having full grasp of the origin of this case, they are in a position to know that they are actually engaging in deliberate forum shopping by filing a new case based on a previous case which has been deliberated upon and resolved with finality. As aptly observed by the Sandiganbayan:

As previously discussed by this Court, Civil Case No. 0034 and Civil Case No. 0188 have substantially the same cause of action. Unfortunately, in Civil Case No. 0034, plaintiff PCGG's goal to reconvey Arambulo's Piedras shares to the Republic of the Philippines through PCGG was unsuccessful as the said shares were adjudicated with finality in favor of Rodolfo Arambulo x x x.

In fact, this Court is in the process of implementing its Writ of Execution. And yet, plaintiff PCGG deliberately ventured to another action, the instant case for "Recovery of Ill-gotten Wealth" for the same Piedras shares with no other objective it would seem but to forestall the execution of the judgment in Civil Case No. 0034 in favor of Arambulo. We hold this actuation by the PCGG a special specie of forum shopping which is contumacious in nature as it constitutes (sic) an abuse of this Court's processes and improper conduct that tends to impede, obstruct and degrade the administration of justice.[30]

We need not say more.

WHEREFORE, the petition is DENIED and the assailed Resolutions of the Sandiganbayan are AFFIRMED.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Azcuna[*], and Chico-Nazario, JJ., concur.

[*] Additional member replacing Associate Justice Ruben T. Reyes per Special Order No. 521 dated September 29, 2008.

[1] Rollo, pp. 8-20.

[2] Annexes "A" and "B" of the Petition, id. at 21-29, 30-31.

[3] Annex "C" of the Petition, id. at 32-38.

[4] Articles of Incorporation of the Piedras Petroleum Company, Inc., id. at 39-44.

[5] Rollo (G.R. No. 140615), p. 97.

[6] SB Civil Case No. 0034 - Hector T. Rivera, Julieta C. Benedicto, Lourdes V. Rivera, Miguel V. Gonzalez, Pagasa San Agustin, Rocio B. Torres, Mariano Benedicto, Romulo Benedicto, Zacarias Amante, Francisco S. Benedicto, Jose Montalvo, Jesus Martinez, Nestor Mata, Alberto Velez, Richard de Leon, Zapiro Tampinco, Dominador Pangilinan and Rodolfo Arambulo.

[7] Annex "A" of the Amended Complaint, Civil Case No. 0034.

[8] Rollo, pp. 45-55.

[9] G.R. Nos. 108292, 108368, 108548-49, 108550, September 10, 1993, 226 SCRA 314 (1993).

[10] Rollo, pp. 161-183.

[11] G.R. No. 140615, February 19, 2001, 352 SCRA 235, 250-251.

[12] Rollo, pp. 32-38.

[13] Id. at 56-67.

[14] Id. at 133-139.

[15] Id. at 21-31.

[16] Id. at 140-149.

[17] Republic v. Sandiganbayan, supra note 11.

[18] Id. (Emphasis supplied.)

[19] Benedicto v. Board of Administrators of Television Stations RPN, BBC, and IBC, G.R. No. 87710, March 31, 1992, 207 SCRA 659.

[20] Page 1-2 of the Compromise Agreement, rollo, pp. 45-54.

[21] Republic v. Sandiganbayan, September 10, 1993, 226 SCRA 314.

[22] Rivera v. Solidbank Corporation, G.R. No. 163269, April 19, 2006, 487 SCRA 512.

[23] Republic v. Sandiganbayan, supra note 21.

[24] Rasdas v. Estenor, G.R. No. 157605, December 13, 2005, 477 SCRA 538.

[25] *Rasdas v. Estenor*, id.; *Intestate Estate of the Late Don Mariano San Pedro y Esteban v. Court of Appeals*, G.R. No. 103727, December 18, 1996, 265 SCRA 733; *Calalang v. Register of Deeds of Quezon City*, G.R. No. 76265, March 11, 1994, 231 SCRA 88, 100.

[26] *Cruz v. Court of Appeals*, G.R. No. 164797, February 13, 2006, 482 SCRA 379.

[27] *San Pedro v. Binalay*, G.R. No. 126207, August 25, 2005, 468 SCRA 47.

[28] Rule 129 - 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 the legislative, executive and judicial departments of the Philippines, the laws of nature, the measure of time, and the geographical divisions.

[29] *Buan v. Lopez*, G.R. No. L-75349, October 13, 1986, 145 SCRA 34. See also *First Philippine National Bank v. Court of Appeals*, G.R. No. 115849, January 24, 1996, 252 SCRA 259.

[30] Resolution of the Sandiganbayan, Civil Case No. 0188, pp. 6-7; rollo, pp. 26-27.

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