PHILIPPINE COCONUT AUTHORITY, PETITIONER, VS. PRIMEX COCO PRODUCTS, INC., RESPONDENT.

G.R. NO. 163088. July 20, 2006

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

This is a petition for review on certiorari of the Decision[1] of the Court of Appeals (CA) dated October 9, 2002 in CA-G.R. SP No. 60129, and Resolution dated March 19, 2004 denying the motion for reconsideration of the said decision.

The Antecedents

On August 28, 1982, Executive Order (E.O.) No. 826 was issued by the President of the Philippines. Section 1 thereof reads:

> Section 1. Prohibition. Except as herein provided, no government agency or instrumentality shall hereafter authorize, approve, or grant any permit or license for the establishment or operations of new desiccated coconut processing plants, including the importation of machinery or equipment for the purpose. In the event of a need to establish a new plant, or expand the capacity, relocate or upgrade the efficiencies of any existing desiccated plant, the Philippine Coconut Authority may, upon proper determination of such need and evaluation of the condition relating to:
>
> - the existing market demand;
>
> - the production capacity prevailing in the country or locality;
>
> - the level and flow of raw materials; and
>
> - other circumstances which may affect the growth or viability of the industry concerned.
>
> may authorize or grant the application for the establishment or expansion of capacity, relocation or upgrading of efficiencies of such desiccated coconut processing plant, subject to the approval of the President.[2] (Emphasis supplied)

On October 28, 1987, the Philippine Coconut Authority (PCA) adopted Resolution No. 058-87 authorizing the establishment and operation of additional PCA plants in view of the increasing demand for desiccated coconuts (DCN) in the world market. The opening of new plants was made subject to implementing guidelines and approval of the President.

Primex Coco Products, Inc. (Primex, for brevity) is a domestic corporation engaged in the manufacture of desiccated coconut. On September 25, 1990, it filed an application for registration with the PCA as a new exporter/trader/manufacturer of DCN and paid the sum of P600.00 as registration fee. However, PCA did not immediately issue the corresponding certificate of registration. This prompted Primex to file a petition for mandamus against the PCA and its then Administrator Charles Avila before the Regional Trial Court (RTC) of

Lucena City, Branch 59. The case was docketed as Civil Case No. 91-39.

On August 31, 1992, the court rendered judgment in favor of Primex and ordered the PCA to act on the application. Consequently, the PCA Governing Board held a meeting on October 20, 1992 during which it adopted Resolution No. 044-92 approving the application for registration of Primex subject to its compliance with the necessary requirements and pertinent regulations of the PCA and the final approval of the President of the Philippines. The Resolution reads:

> RESOLVED, that upon recommendation of Management, the grant of permit to PRIMEX COCO PRODUCTS, INC. to operate a desiccated coconut processing plant in Barrio Mangilag, Candelaria, Quezon, pursuant to Board Resolution No. 058-87 and Presidential Memorandum dated February 11, 1988, and under existing Administrative Order No. 002, Series of 1991, be and is hereby authorized and approved, subject to compliance with the necessary requirement and pertinent regulations of the Authority.
>
> RESOLVED FINALLY, that the opening of the new desiccated coconut processing of PRIMEX COCO PRODUCTS, INC. shall be subject to the final approval of the President of the Philippines as provided under PCA Board Res. No. 058-87.[3]

However, on November 5, 1992, seven (7) PCA processing companies belonging to the Association of Philippine Coconut Desiccators (APCD) filed with the RTC a petition for prohibition with a plea for injunctive relief to enjoin the PCA from processing and issuing a license to Primex. On November 25, 1992, the court issued a writ of preliminary injunction against the PCA. The latter complied and refrained from processing and issuing a license to Primex.[4]

On March 24, 1993, the PCA Governing Board issued Resolution No. 018-93 entitled "Policy Declaration Deregulating the Establishment of New Coconut Processing Plants." It is provided therein that, henceforth, PCA shall no longer require any coconut oil mill, coconut oil refinery, coconut desiccator, coconut product processor/factory, coconut fiber plant or any similar coconut processing plant to apply with PCA and the latter shall no longer issue any form of license or permit as a condition prior to establishment or operation of such mills or plants. It stated further that PCA shall limit itself only to simply registering the aforementioned coconut product processors for the purpose of monitoring their volumes of production, administration of quality standards with the corresponding service fees/charges.[5] On March 25, 1993, the PCA issued Certificate of Registration No. 014254 to Primex. In the meantime, the APCD filed a petition for certiorari and mandamus against the PCA in this Court to nullify Resolution No. 018-93 on the following grounds:

> I
>
> RESPONDENT PCA'S BOARD RESOLUTION NO. 018-93 IS NULL AND VOID FOR BEING AN UNDUE EXERCISE OF LEGISLATIVE POWER BY AN ADMINISTRATIVE BODY.
>
> II
>
> ASIDE FROM BEING ULTRA-VIRES, BOARD RESOLUTION NO. 018-93 IS WITHOUT ANY BASIS, ARBITRARY, UNREASONABLE AND THEREFORE IN VIOLATION OF SUBSTANTIVE DUE PROCESS OF LAW.
>
> III
>
> IN PASSING BOARD RESOLUTION NO. 018-93, RESPONDENT PCA VIOLATED THE PROCEDURAL DUE PROCESS REQUIREMENT OF CONSULTATION PROVIDED IN PRESIDENTIAL DECREE NO. 1644, EXECUTIVE ORDER NO. 826 AND PCA ADMINISTRATIVE ORDER NO. 002, SERIES OF 1991.[6]

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The case was docketed as G.R. No. 110526. While the case was pending in this court, the PCA renewed the registration of Primex as a coconut product processor every year from 1994 until 1998.

On February 10, 1998, the Court rendered a decision in G.R. No. 110526 declaring PCA Board Resolution No. 018-93 and all certificates of registration issued under it null and void for having been issued in excess of the power of PCA. The fallo of the decision reads:

> WHEREFORE, the petition is GRANTED. PCA Resolution No. 018-93 and all certificates of registration issued under it are hereby declared NULL and VOID for having been issued in excess of the power of the Philippine Coconut Authority to adopt or issue.
>
> SO ORDERED.[7]

The Court ruled that, by approving Resolution No. 018-93, the PCA "allow[ed] not only the indiscriminate opening of new coconut processing plants but the virtual dismantling of the regulatory infrastructure whereby, forsaking controls theretofore placed in its keeping, the PCA limit[ed] its function to the innocuous one of "monitoring" compliance by coconut millers with quality standards and volumes of production. In effect, the PCA would simply be compiling statistical data on these matters, but in case of violations of standards there would be nothing much it would do. The field would be left without an umpire who would retire to the bleachers to become a mere spectator."[8] The Court ruled that the PCA cannot renounce its power to regulate that which has been set up by the very law creating it.

With the nullification of all certificates of registration issued by the PCA, the latter was thus impelled to call for consultations with the APCD and all the parties affected by the decision, including Primex. The PCA required them to submit their respective position papers on how to implement the Court's decision. On November 23, 1998, Primex submitted its Position Paper.

On January 18, 1999, the PCA issued Memorandum Circular No. 01, Series of 1999, providing guidelines for the issuance of provisional licenses for the registration of qualified DCN exporters/traders/manufacturers. Conformably, the PCA issued on January 27, 1999, Provisional Certificate of Registration No. 040805-99-P to Primex effective until June 30, 1999 only. On February 8, 1999, Primex moved for reconsideration. It maintained that it was entitled to a certificate of registration for one year considering that it had been operating as an exporter/trader/manufacturer of DCN since September 28, 1990.[9] It inquired from the PCA (1) whether the Memorandum Circular No. 01, Series of 1999 and the issuance of a provisional certificate of registration in its favor are to be taken as a resolution by the PCA of the issues regarding the implementation of the Decision in G.R. No. 110526, and (2) whether Primex falls under paragraph (a) of the said memorandum circular in which it would be entitled to renew the certificate of registration valid for the calendar year 1999.

On February 15, 1999, the PCA wrote Primex and informed the latter that Memorandum Circular No. 01, Series of 1999 and the issuance of provisional certificate of registration in its favor are equitable interim measures to enable the parties affected by the Supreme Court Decision to comply with subsisting PCA rules and regulations governing the establishment and operation of DCN plants, and that said measures were adopted after the consultation meetings conducted by PCA with the desiccators and after the submission of their position papers. On its second query, the PCA replied that the records of its registration office do not show that Primex has been issued any valid certificate of registration for 1990, nor any renewal thereof despite the alleged official receipt purportedly representing the registration fee. Primex was issued a certificate of registration only on March 25, 1993 or after the promulgation of the nullified PCA Resolution No. 018-93. The PCA requested Primex to furnish it with authenticated copies of the certificate of registration for year 1990 and the purported renewals thereof as mentioned in its letter for reconsideration.[10]

On March 15, 1999, Primex wrote the PCA insisting that Certificate of Registration No. 014254 was not issued to it by virtue Resolution No. 018-93, which was nullified by the Supreme Court, but by virtue of the RTC decision in Civil Case No. 91-39 and PCA Resolution No. 044-92.[11]

On June 15, 1999, Primex was prompted to file a petition for mandamus against the PCA and its Administrator Eduardo Escueta before the RTC of Quezon City. Primex alleged, inter alia, that it has established beyond doubt that there was a final and executory decision issued by the RTC of Lucena City, Branch 69 ordering the PCA to take action on its application for registration dated September 25, 1990, and that the said application has been approved by the PCA Governing Board on October 20, 1992, per Resolution No. 044-92. There is also no doubt that the certificate of registration was issued not by virtue of Resolution No. 018-93 which was declared null and void by the Supreme Court but by virtue of Resolution No. 044-92. PCA had absolutely no reason to issue only a provisional certificate of registration valid only for six (6) months or until June 30, 1999, since it (Primex) has been operating as DCN since September 28, 1990. As a result of the issuance of only a provisional certificate of registration, it would suffer damages in its domestic and export business of at least P5 million per month starting July 1, 1999.[12]

Primex prayed that PCA be ordered to issue a renewal registration certificate valid for calendar year 1999 under Section 3, paragraph (a) of Memorandum Circular No. 01, Series of 1999, and yearly thereafter; and, in the event of failure to issue renewal certificate for calendar year 1999 not later than June 30, 1999, that PCA be ordered to pay at least P5 million per month for damages to be sustained by it, P500,000.00 as attorney's fees, P3,000.00 by way of litigation expenses, plus cost of suit.[13]

Meanwhile, the PCA issued an Order dated June 18, 1999, granting the requests for reconsideration of concerned desiccated coconut plants and manufacturers including Primex.

> Acting on the requests for reconsideration by concerned desiccated coconut plants and manufacturers whose provisional registrations issued pursuant to Memorandum Circular No. 01, Series of 1999 (Interim Guidelines for the Renewal of Registration Certificates for Year 1999) will expire on June 30, 1999, the said provisional registrations of the concerned DCN plants are hereby extended for another six (6) months, counted from June 30, 1999.
>
> Except for the above extension period, the requirements for registration in accordance with the interim Guidelines shall remain in full force and effect and should, therefore, be complied with within the extended six (6) month period ending December 31, 1999.
>
> The concerned DCN plants affected by this Order, including oil mills and other processors which were given provisional registrations may, therefore, file their corresponding application for renewal of Registration Certificates within five (5) days from receipt hereof.
>
> For DCN plants, they shall further submit a sworn statement of the responsible officer of the said DCN plants on the status of their compliance with the provisions of the Interim Guidelines, PCA Administrative Order No. 002, Series of 1991 on Guided Deregulation, and such other issuances of the PCA pursuant thereto.
>
> So Ordered.[14]

In its Answer to the petition, the PCA claimed that it had already acted on the motion for reconsideration of Primex on June 18, 1999 and extended its provisional registration for another six months from June 30, 1999. It averred that the action of Primex was preventive because it insisted that PCA be ordered to renew its registration annually.[15] The PCA maintained that Primex is not entitled to a certificate of registration as a matter of right every year under Section 1 of E.O. No. 826.[16]

On January 18, 2000, the RTC rendered a Decision in favor of the petitioner and ordered the PCA to issue to Primex a regular certificate of registration not only for the calendar year 1999 but also annually thereafter upon its compliance with all the legal requirements for registration. The fallo of the decision reads:

> WHEREFORE, this Court resolves to give DUE COURSE to the petition and to GRANT the same. Respondents Philippine Coconut Authority and its Administrator, Eduardo U. Escueta, are hereby ordered to issue to petitioner Primex Coco Products, Inc. a regular certificate of registration valid for the calendar year 1999, renewable yearly thereafter upon petitioner's compliance with all the legal requirements for registration.
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> Petitioner's claims for damages and attorney's fees are hereby denied.
>
> Respondents' counterclaim for attorney's fees is, likewise, hereby denied for lack of merit.
>
> SO ORDERED.[17] (Emphasis supplied)

The court a quo ratiocinated that the PCA may be compelled by mandamus to renew the certificate of registration of Primex valid for one year. The trial court declared that while it is true that Primex is not entitled to a certificate of registration as a matter of right, the PCA is mandated by law, specifically E.O. No. 826, to determine if there is a need for a new desiccated coconut plant and evaluate the circumstances prevailing in the locality. The fact that the grant of a permit to Primex was authorized and approved by the PCA Governing Board on October 20, 1992 per Resolution No. 044-92 is a clear indication that the PCA has already made such a determination so that the subsequent issuance of a certificate of registration becomes purely ministerial on its part and which, therefore, may be compelled by mandamus.[18]

PCA appealed the decision to the Court of Appeals (CA). The CA rendered a decision dismissing the appeal and affirming the RTC decision.[19] The CA affirmed the ruling of the court a quo that Primex was able to establish its legal right to a permit as exporter/trader/manufacturer of desiccated coconut by virtue of PCA Resolution No. 044-92.

The appellate court ruled that the PCA cannot invoke its failure to make the necessary recommendation to the President under Section 1, E.O. No. 826 as a legal justification for the non-issuance of a license to Primex. It agreed with the RTC that the fact that Primex had been issued certificates of registration for 1993 up to 1998 presupposes that the required approval of the President had been obtained. The appellate court pointed out that what was declared null and void by the Court in Association of Philippine Coconut Desiccators v. Philippine Coconut Authority[20] was PCA Resolution No. 018-93.[21]

PCA filed a motion for reconsideration of the said decision but the appellate court denied the motion for lack of merit on March 19, 2004.[22]

Dissatisfied, PCA, now petitioner, elevated the case to this Court, through a petition for review on certiorari against Primex with a sole assignment of error:

> THE COURT A QUO GRAVELY ERRED IN DISMISSING THE APPEAL AND IN FINDING THAT THE ACT OF THE PETITIONER TO ISSUE A CERTIFICATE OF REGISTRATION IN FAVOR OF RESPONDENT HEREIN MAY BE COMPELLED BY MANDAMUS.[23]

Petitioner contends that the issuance of a certificate of registration to the respondent is a discretionary, not a ministerial act that may be compelled by mandamus. It points out that under E.O. No. 826 the petitioner is given the authority to determine whether or not there is a need to establish a new plant upon the evaluation of conditions laid down therein. It insists that the certificate of registration was issued to respondent pursuant to Resolution No. 018-93 and that the decision of the Court in Association of Philippine Coconut Desiccators v. Philippine Coconut Authority[24] rendered such certificate of registration void.[25]

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Petitioner avers that, as held in a long line of cases, there can be no vested right in a license that is issued upon satisfactory showing of all requirements. Further, it points out that respondent failed to prove that it has satisfactorily complied with all the requirements for the renewal of its certificate of registration.[26]

For its part, respondent asserts that the issue in this case is factual, that is, whether or not the permit to operate as a desiccator was granted to it by virtue of Resolution No. 044-92 or Resolution No. 018-93. It posits that the trial court's finding that the certificate of registration was issued pursuant to Resolution No. 044-92, as affirmed by the Court of Appeals, is final and conclusive upon this Court, particularly since it is borne by the records and supported by substantial evidence. In a petition for review on certiorari under Rule 45, the Court is limited to reviewing errors of law only.[27]

Further, respondent contends that when petitioner approved its application for registration under Resolution No. 044-92, it is presumed that petitioner has already made the proper evaluation pursuant to Section 1 of E.O. No. 826, so that its renewal becomes purely ministerial. It posits that petitioner's discretion lies only in applications relating to the four situations enumerated in the said Section 1: (1) establishing a new plant; (2) expanding the capacity of any existing desiccated plant; (3) relocating any existing desiccated plant; and (4) upgrading the efficiencies of any existing desiccated plant. Petitioner will no longer exercise discretion in the subsequent renewal of its certificate of registration.[28]

Respondent avers that petitioner's contention that it has not complied with all the requirements provided by law is a bare allegation. Petitioner did not even specify what requirement has not been complied with. Moreover, that respondent has complied with all the requirements for the renewal of its registration is a finding of fact which had already been settled in the affirmative by trial court and the CA, hence, final and conclusive upon this Court.[29]

The core issue in the present case is whether or not it is the ministerial duty of petitioner PCA to issue a certificate of registration to respondent and renew the same from year to year from 1999.

The petition is meritorious.

Section 3, Rule 65 of the 1997 Rules of Civil Procedure reads:

> SEC. 3. Petition for mandamus.- When any tribunal, corporation, board, officer or person unlawfully neglects the performance of an act which the law specifically enjoins as a duty resulting from an office, trust, or station, or unlawfully excludes another from the use and enjoyment of a right or office to which such other is entitled, and there is no other plain, speedy and adequate remedy in the ordinary course of law, the person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered commanding the respondent, immediately or at some other time to be specified by the court, to do the act required to be done to protect the rights of the petitioner, and to pay the damages sustained by the petitioner by reason of the wrongful acts of the respondent.

Mandamus lies to compel the performance, when refused, of a ministerial duty, but not to compel the performance of a discretionary duty.[30] A purely ministerial act or duty is one which an officer or tribunal performs in a given state of facts, in a prescribed manner, in obedience to the mandate of a legal authority, without regard to or the exercise of his own judgment upon the propriety or impropriety of the act done. The duty is ministerial only when the discharge of the same requires neither the exercise of official discretion or judgment.[31] When an official is required and authorized to do a prescribed act upon a prescribed contingency, his functions are ministerial only, and mandamus may be issued to control his action upon the happening of the contingency.[32]

For a writ of mandamus to be issued, it is essential that petitioner should have a clear legal right to the thing demanded and it must be the imperative duty of the respondent to perform the act required. The writ neither confers powers nor imposes duties. It is simply a command to exercise a power already possessed and to perform

a duty already imposed.[33] Mandamus applies as a remedy only where petitioner's right is founded clearly in law and not when it is doubtful.[34] The writ will not be granted where its issuance would be unavailing, nugatory, or useless.[35]

If the law imposes a duty upon a public officer and gives him the right to decide how or when the duty shall be performed, such duty is discretionary and not ministerial.

There is no doubt that under E.O. No. 826, Administrative Order No. 003, Series of 1981, and Administrative Order No. 002, Series of 1991, petitioner is vested with discretion on whether or not to grant an application for the establishment of a new plant, the expansion of capacity, the relocation or upgrading of efficiencies of such desiccated coconut processing plant. Relative to the renewal of a certificate of registration, petitioner may refuse a registration unless the applicant has complied with the procedural and substantive requirements for renewal. However, once the requirements are complied with, the renewal of registration becomes a ministerial function of petitioner.

Under Section 3.8 of Administrative Order No. 003, Series of 1981,[36] the PCA may refuse the registration or renewal thereof, if after investigation, the applicant is found to have been convicted of any crime involving moral turpitude and in connection with the operation of its business or an act violative of existing laws, rules and regulations administered by the PCA, or of unfair trade practices, as defined in said rules. Juridical persons whose owners, presidents, managers or other executive officers have been convicted may likewise be denied registration or renewal thereof. Section 3.7 of the same administrative order also provides that a certificate of registration may be renewed by filing an applications for renewal not later than December 31 of each calendar year, and paying the renewal fee of P200.00.

Under Administrative Order No. 002(B), Series of 1991, all existing and duly registered DCN plants shall renew the registration by filing their application with petitioner under the following guidelines:

> 1.1 In addition to the basic registration requirements under Administrative Order No. 003, Series of 1981, all applications shall contain the exact rated capacity applied for and the actual production capacity and utilization of the plant for the year immediately following the date and year of the application;
>
> 1.2 The rated capacity applied for and approved by PCA shall not be changed nor shall any improvement, upgrading of or addition of equipment be made by the plant except upon prior application with PCA. Aforesaid application shall be made at least three (3) months before the expiration of the current registration for purposes of evaluation and approval by PCA;
>
> 1.3 Firms found to be operating below sixty percent (60%) of rated capacity for the past five years shall be reduced to its utilization capacity accordingly by PCA motu propio except upon declaration by the Authority of the presence of extraordinary disadvantageous climate in the industry as defined in item C. causing such drop in utilization capacity;
>
> 1.4 Firms which are operating only within 50% utilization capacity for the past five years due to raw material inadequacy shall be advised by PCA to relocate to any non-congested area as determined in these guidelines;
>
> 1.5 Firms falling below the 50% utilization for the past five years without the PCA declaration of extraordinary disadvantageous climate for DCN industry set forth in item C. hereof shall be required to reduce the rated capacity to raise the capacity utilization to such level above 50%. Should this option fail to raise utilization levels within a period of one (1) year, the firm shall be given the option to relocate to any non-congested area, otherwise, PCA shall shorten its permit to operate to a period not more than 1 year from the date of advice;
>
> 1.6 Firms which have stopped operating for 2-3 years and which would wish to resume operation must reapply for a new license and new rated capacity; they should be treated as new entrants;

> 1.7 Any cessation of production covering a period of one month or more should be reported to the PCA stating the reasons therein. Failure to report such cessation of production shall be considered a violation of these guidelines.[37]

Administrative Order No. 002 also requires that DCN firms applying for registration shall comply with the following conditions:

> 2.1 New DCN firms upon the effectivity of these guidelines, shall be issued permits to operate in non-congested areas only as declared by PCA, in consultation with the private sector, provided that new applicants shall comply with all procedures and requirements for registration under Administrative Order No. 003, Series of 1981 and this Order except the provisions in item 1.5 hereof;
>
> Target Market
> In addition to the regular documentary requirements for registration, new entrants to the DCN industry shall submit a sworn statement stating the names and addresses of all new tentative foreign buyers with their respective volume of DCN products as evidenced by the purchase orders or instruments evidencing the same. The PCA should require and ensure new entrants to the industry to target new markets and buyers. All documents and data to be submitted to PCA in accordance hereof shall be treated with utmost confidentiality.
>
> 2.2 Unless otherwise declared by the PCA, the rated capacities and supply production in the regions, for purposes of determining a congested and non-congested area shall be guided by the schedule of estimated nut production, crushing capacities and utilization rates as stated in ANNEX "A" which forms part of these guidelines.[38]

Administrative Order No. 002 (G) provides that all permits issued shall be valid for one year and renewable yearly thereafter only upon compliance of all requirements.[39]

Petitioner is not mandated to approve an original application for a certificate of registration or a renewal thereof on an annual basis merely based on the allegations contained in the application and the payment of the registration fees therefor. The PCA is tasked to first inquire into and ascertain, after an investigation, whether the applicant has complied with the a priori procedural and substantive conditions to the approval of said application as provided in E.O. No. 826; Administrative Order No. 003, Series of 1981; and Administrative Order No. 002, Series of 1991. As emphasized by the Court in Association of Philippine Coconut Desiccators v. Philippine Coconut Authority:[40]

> It was only on October 23, 1987 when the PCA adopted Resolution No. 058-87, authorizing the establishment and operation of additional DCN plants, in view of the increased demand for desiccated coconut products in the world's markets, particularly in Germany, the Netherlands and Australia. Even then, the opening of new plants was made subject to "such implementing guidelines to be set forth by the Authority" and "subject to the final approval of the President."
>
> The guidelines promulgated by the PCA, as embodied in Administrative Order No. 002, series of 1991, inter alia authorized the opening of new plants in "non-congested areas only as declared by the PCA" and subject to compliance by applicants with "all procedures and requirements for registration under Administrative Order No. 003, series of 1981 and this Order." In addition, as the opening of new plants was premised on the increased global demand for desiccated coconut products, the new entrants were required to submit sworn statements of the names and addresses of prospective foreign buyers.[41]

Respondent is not entitled as a matter of right to an annual registration or renewal of its certificate of registration merely and solely based on Resolution No. 044-92 which the PCA Governing Board approved on October 20, 1992. The resolution specifically provides that the opening of respondent's new desiccated coconut plant shall be subject to the final approval of the President of the Philippines, and compliance with the necessary requirements

and pertinent regulations of the PCA. The resolution is not and should not be construed to vest in the respondent a right to a certificate of registration or renewal of its certificate of registration without prior examination or investigation by the PCA of the merits of the application.

Respondent, or any applicant for that matter, may be qualified to a license or renewal thereof for a particular year but it does not follow that it would thenceforth be entitled to such certificate or to a yearly renewal thereof because, in the interim, facts and circumstances may occur which may disqualify the applicant to a certificate or the renewal of its existing registration.

Prescinding from the foregoing, we find that the petition has been mooted. The records disclose that, three days after respondent had filed its petition for mandamus, petitioner had extended its provisional certificate of registration until December 1999. In effect, respondent has been able to operate as an exporter/trader/manufacturer of DCN for the whole year of 1999. As correctly observed by the court a quo, no damage was actually suffered by respondent since it has continued to operate for the whole period of 1999 although under provisional certificates of registration. Mandamus is an extraordinary writ and discretionary remedy and should not be granted when it will achieve no beneficial result such as when act sought to be compelled has been performed.[42]

Moreover, when the RTC rendered judgment on January 18, 2000, the period for which the renewal certificate was sought had already expired. Case law is that mandamus will not be issued to compel the renewal of a license for a period which has expired.[43] If the right sought to be enforced by writ of mandamus is or has become a mere abstract right, enforcement of which will be of no substantial or practical benefit to the plaintiff, the writ will not issue though the applicant would otherwise be entitled to it.[44] To warrant the issuance of a writ of mandamus, it must appear that the writ will be effectual as a remedy, it should be denied where it would be useless by reason of events occurring subsequent to commencement proceedings.[45]

On its face, the petition of respondent for mandamus does not state a cause of action for a writ of mandamus. The rule is that a cause of action has the following elements: (a) the legal right of the plaintiff; (b) the correlative obligation of the defendant to respect that legal right; and (c) an act or omission of the defendant that violates such right.[46] The cause of action does not accrue until the party obligated refuses, expressly or impliedly, to comply with its duty.[47]

In this case, respondent had no cause of action to compel petitioner to issue a renewal certificate of registration for every year from 1999 at the time it filed the petition for mandamus. At that time, respondent had no right to demand and the petitioner had no correlative duty, to issue a renewal certificate for the years following the filing of the petition, hence, there could not have been any default on the part of petitioner. Where a person or entity has not yet failed to perform a duty, action for mandamus is premature.[48]

Mandamus is never granted to compel the performance of an act until there has been an actual, as distinguished from an anticipated, refusal to act.[49] This is true even if there is a strong presumption that the persons whom it is sought to coerce by the writ will refuse to perform their duty when the proper time arrives.[50] Its function is to compel the performance of a present existing duty as to which there is default. It is not granted to take effect prospectively, and it contemplates the performance of an act which is incumbent on respondent when the application for a writ is made.[51]

WHEREFORE, premises considered, the petition is GRANTED. The Decision of the Court of Appeals dated October 9, 2002, and Resolution dated March 19, 2004 are REVERSED and SET ASIDE. The petition for mandamus is DISMISSED.

SO ORDERED.

Panganiban, C.J., (Chairman), Ynares-Santiago, Austria-Martinez, and Chico-Nazario, JJ., concur.

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[1] Penned by Associate Justice Elvi John S. Asuncion with Associate Justices Portia Aliño-Hormachuelos and Juan Q. Enriquez, Jr. concurring; rollo, pp. 42-48.

[2] CA rollo, pp. 18-19.

[3] Id. at 29.

[4] Id. at 101.

[5] Id. at 104-105.

[6] Association of Philippine Desiccators v. Philippine Coconut Authority, 349 Phil. 782, 787 (1998).

[7] Id. at 797.

[8] Id. at 792.

[9] CA rollo, p. 30.

[10] Id. at 32-33.

[11] Id. at 35.

[12] Id. at 12-13

[13] Id. at 13.

[14] Id. at 25.

[15] Id. at 21.

[16] Id. at 19.

[17] Id. at 63-64.

[18] Id. at 61.

[19] Rollo, p. 48.

[20] Supra note 6.

[21] Rollo, p. 46.

[22] Id. at 53.

[23] Id. at 29.

[24] Supra note 6.

[25] Rollo, pp. 89-91.

[26] Id. at 92-93.

[27] Id. at 114-116.

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[28] Id. at 119.

[29] Id. at 117-121.

[30] Paloma v. Mora, G.R. No. 157783, September 23, 2005, 470 SCRA 711, 718.

[31] Codilla, Sr. v. De Venecia, 442 Phil. 139, 189 (2002).

[32] Palmer v. Fox, 118 Cal. App. 2d 453, 258 P.2d 30 (1953).

[33] Pefianco v. Moral , 379 Phil. 468, 479 (2000).

[34] JG Summit Holdings, Inc. v. Court of Appeals, 398 Phil. 955, 970-971 (2000).

[35] State ex rel. Schwartz v. Jones, 61 Wyo.350, 157 P.2d 993 (1945).

[36] Rules and Regulations Governing the Export and Export Pricing, Marketing, Trading and Distribution of Copra, Coconut Oil and Other Coconut Products.

[37] CA rollo, pp. 85-86.

[38] Id. at 87-88.

[39] Id. at 90-91.

[40] Supra note 6.

[41] Id. at 791.

[42] City of Winter Garden v. Norflor Construction Corporation, 396 So.2d 865 (1981).

[43] Jacks v. Jefferson County Board of Health, 219 Ala. 156, 121 So. 532 (1929); People ex rel. Molchan v. City Council of City Streator, 258 Ill. 273, 101 N.E. 599 (1913).

[44] State ex rel. Donahue v. Holbrook, 136 Conn. 691, 73 A.2d 924 (1950).

[45] State ex rel. Whitehead v. Gage, 377 P.2d 299 (1963).

[46] Jimenez, Jr. v. Jordana, G.R. No. 152526, November 25, 2004, 444 SCRA 250, 259.

[47] Texon Manufacturing v. Millena, G.R. No. 141380, April 14, 2004, 427 SCRA 377, 380.

[48] Limits v. President of the Senate, 414 Mass. 31, 604 N.E. 2d 1307 (1992).

[49] Palmer v. Fox, supra note 32.

[50] State ex rel. Lawton, 44 Nev. 102, 190 P. 284 (1920).

[51] State ex rel. Federal Homes Properties, Inc. v. Singer, 9 Ohio St.2d 95, 223 N.E.2d 824 (1967).

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