

SECURITIES AND EXCHANGE COMMISSION, NATIONAL BUREAU OF INVESTIGATION AND DEPARTMENT OF JUSTICE, PETITIONER, VS. RIZZA G. MENDOZA, CARLITO LEE, GRESHIELA G. COMPENDIO, RAUL RIVER...

G.R. No. 170425. April 23, 2012

Ponente: ABAD, J.

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ABAD, J.:

This case is about the institution of an action for prohibition and injunction filed by the affected party in one court, seeking to enjoin the use of evidence seized under a search warrant issued by another court.

The Facts and the Case

On March 26, 2001 the National Bureau of Investigation (NBI) applied with the Regional Trial Court (RTC) of Makati City, Branch 63, for the issuance of a search warrant covering documents and articles found at the offices of Amador Pastrana and Rufina Abad at 1908, 88 Corporate Center, Valero Street, Makati City. The NBI alleged that these documents and articles were being used to a) violate Republic Act 8799, also known as the Securities Regulation Code (SRC), and b) commit estafa under Article 315 of the Revised Penal Code.[1] The court granted the application.

Acting on the search warrant, NBI and Securities Exchange Commission (SEC) agents searched the offices mentioned and seized the described documents and articles from them. Shortly after, the SEC filed a criminal complaint with the Department of Justice (DOJ) against respondents Rizza Mendoza, Carlito Lee, Ma. Greshiela Compendio, Raul Rivera, Rey Beltran, Rex Almojuela, Linda Capalungan, Hilda Ronquillo, Ma. Loda Calma, and Teresita Almojuela (Mendoza, et al.) for violation of Sections 24.1 (b) (iii), 26, and 28 of the SRC.[2]

On July 11, 2001 Mendoza, et al. filed a petition for prohibition and injunction with application for temporary restraining order (TRO) and preliminary injunction against the NBI and the SEC before the RTC of Muntinlupa.[3] They alleged that, three months after the search and seizure, the NBI and the SEC had not turned over the seized articles to the Makati RTC that issued the search warrant.[4] This omission, they said, violated Section 1, Rule 126 of the Rules on Criminal Procedure,[5] which required the officers who conducted the seizure to immediately turn over the seized items to the issuing court.

The Muntinlupa petition sought to prevent the SEC and the NBI from using the seized articles in prosecuting Mendoza, et al. and the DOJ from proceeding with the preliminary investigation of their case, using the same.[6] They feared that the seized articles may have already been tampered with, altered, or augmented by those responsible for seizing them.[7] Essentially, Mendoza, et al.'s action is one for the suppression of evidence whose seizure had become illegal for failure to turn them over to the issuing court.

Opposing the petition, the SEC, the NBI, and the DOJ (the three agencies) averred that injunction may not be issued to protect contingent rights or enjoin criminal prosecution. They pointed out that Mendoza, et al. should

have exhausted administrative remedies available to them at the DOJ. Further, the three agencies maintained that Mendoza, et al.'s petition for prohibition should have been lodged with the Court of Appeals (CA).[8]

Simultaneous with the action before the Muntinlupa RTC, on July 11, 2001 two of the respondents who did not join that action, Pastrana and Abad, filed with the Makati RTC a motion to quash the subject search warrant for having been issued in connection with several offenses when the Rules of Criminal Procedure[9] require its issuance for only one specific offense.

On July 19, 2001 the Muntinlupa RTC issued a TRO against the three agencies,[10] enjoining them from using the seized articles in proceeding against Mendoza, et al. On July 31, 2001 respondents Pastrana and Abad asked for leave to intervene in the civil case in the Muntinlupa RTC, which leave was granted on August 8, 2001. On the following day, August 9, 2001, having assumed as true the uncontroverted allegations in the petition before it, the Muntinlupa RTC replaced the TRO it issued with a writ of preliminary injunction[11] subject to the final outcome of the proceedings before the Makati RTC.[12]

On August 23, 2001 the three agencies moved for reconsideration of the Muntinlupa RTC's orders granting the intervention and the preliminary injunction. They also moved on September 13, 2001 to dismiss the action. On January 15, 2002 that court issued an omnibus order, denying their motions for reconsideration and to dismiss.[13] This prompted the three agencies to file a petition for certiorari and prohibition with the CA, seeking to annul the Muntinlupa RTC's orders of August 8, 2001, August 9, 2001, and January 15, 2002.[14]

During the pendency of the case before the CA, however, on May 10, 2002 the Makati RTC rendered a decision nullifying the search warrant it issued and declaring the documents and articles seized under it inadmissible in evidence. The Makati RTC also directed the SEC and the NBI to return the seized items to respondents Pastrana and Abad.[15]

For some reason, the CA did not mention the Makati RTC order and did not dismiss the petition before it on ground of mootness. On March 24, 2004 it rendered judgment, denied the three agencies' petition, and affirmed the orders of the Muntinlupa RTC. The CA ruled, among other things, that Mendoza, et al.'s action before the Muntinlupa RTC was proper and distinct from that which respondents Pastrana and Abad filed with the Makati RTC.[16] The three agencies moved for reconsideration but the CA denied the same on November 10, 2005.[17] Undaunted, they filed the present petition for review on certiorari.

Issue Presented

The issues raised in this petition have essentially been rendered moot and academic by the Makati RTC's decision, which quashed the search warrant it issued and declared the items seized under it inadmissible in evidence. Still, one issue—whether or not the CA erred in holding that the Muntinlupa RTC has jurisdiction to entertain Mendoza, et al.'s injunction action—needs to be resolved in the interest of setting the matter aright and providing a lesson for the future.

The Court's Ruling

The CA held that the proceedings before the Makati RTC and the Muntinlupa RTC are separate and distinct. The object of the motion to quash search warrant, here filed by respondents Pastrana and Abad with the Makati RTC, the issuing court, was to test the validity of its issuance, given that the warrant was made to cover several offenses rather than just one as the rules provide.[18] On the other hand, the object of the Muntinlupa injunction case is to prevent the three agencies from using the seized articles in any criminal proceeding against Mendoza, et al. considering the SEC and the NBI's failure to immediately turn over the seized articles to the court that issued the warrant as the rules require.[19]

But Section 14 of Rule 126 is clear. Questions concerning both 1) the issuance of the search warrant and 2) the suppression of evidence seized under it are matters that can be raised only with the issuing court if, as in the present case, no criminal action has in the meantime been filed in court. Thus:

Section 14. Motion to quash a search warrant or to suppress evidence; where to file. — A motion to quash a search warrant and/or to suppress evidence obtained thereby may be filed in and acted upon only by the court where the action has been instituted. If no criminal action has been instituted, the motion may be filed in and resolved by the court that issued the search warrant. However, if such court failed to resolve the motion and a criminal case is subsequently filed in another court, the motion shall be resolved by the latter court. (Emphasis supplied)

Although passed off as a petition for injunction, the action that Mendoza, et al. filed with the Muntinlupa RTC, the object of which is to prohibit the three agencies from using the items seized under the search warrant, is actually an action to suppress their use as evidence. Consequently, Mendoza, et al. should have filed it with the Makati RTC that issued such warrant.

It might be pointed out of course that since Mendoza, et al. were not parties to the issuance of the search warrant, they had no standing to question the same or seek the suppression of evidence taken under it. Consequently, since they had reasons for questioning government use of the seized items against them, they had the right to bring the injunction action before the Muntinlupa RTC where they resided.

But the rules do not require Mendoza, et al. to be parties to the search warrant proceeding for them to be able to file a motion to suppress. It is not correct to say that only the parties to the application for search warrant can question its issuance or seek suppression of evidence seized under it. The proceeding for the issuance of a search warrant does not partake of an action where a party complains of a violation of his right by another. The Court clearly explained in *United Laboratories, Inc. v. Isip*,^[20] the nature of a search warrant proceeding.

[A] search warrant proceeding is, in no sense, a criminal action or the commencement of a prosecution. The proceeding is not one against any person, but is solely for the discovery and to get possession of personal property. It is a special and peculiar remedy, drastic in nature, and made necessary because of public necessity. It resembles in some respect with what is commonly known as John Doe proceedings. While an application for a search warrant is entitled like a criminal action, it does not make it such an action.

A search warrant is a legal process which has been likened to a writ of discovery employed by the State to procure relevant evidence of crime. It is in the nature of a criminal process, restricted to cases of public prosecutions. A search warrant is a police weapon, issued under the police power. A search warrant must issue in the name of the State, namely, the People of the Philippines.

A search warrant has no relation to a civil process. It is not a process for adjudicating civil rights or maintaining mere private rights. It concerns the public at large as distinguished from the ordinary civil action involving the rights of private persons. It may only be applied for in the furtherance of public prosecution.^[21]

Clearly, although the search warrant in this case did not target the residence or offices of Mendoza, et al., they were entitled to file with the Makati RTC a motion to suppress the use of the seized items as evidence against them for failure of the SEC and the NBI to immediately turn these over to the issuing court. The issuing court is the right forum for such motion given that no criminal action had as yet been filed against Mendoza, et al. in some other court.

Parenthetically, it appears from its investigation report that the SEC kept the seized documents and articles for months rather than immediately turn them over to the Makati RTC.^[22] Justifying its action, the SEC said that it still needed to study the seized items.^[23] Evidently, it wanted to use them to build up a case against the

respondents, unmindful of its duty to first turn them over to the court. Clearly, SEC's arbitrary action compromised the integrity of the seized documents and articles.

WHEREFORE, the Court REVERSES the decision of the Court of Appeals dated March 24, 2004 and its resolution dated November 10, 2005 in CA-G.R. SP 70212 and ORDERS the dismissal of the action for prohibition and injunction that respondents Rizza Mendoza, Carlito Lee, Ma. Greshiela Compendio, Raul Rivera, Rey Beltran, Rex Almojuela, Linda Capalungan, Hilda Ronquillo, Ma. Loda Calma, Teresita Almojuela, Rufina Abad and Amador Pastrana filed with the Regional Trial Court of Muntinlupa City in Civil Case 01-206 for lack of jurisdiction over the subject matter of the same.

SO ORDERED.

Velasco, Jr., (Chairperson), Peralta, Mendoza, and Perlas-Bernabe, JJ., concur.

[1] Rollo, pp. 38, 54.

[2] Id. at 38.

[3] Id.

[4] Records, pp. 7-9.

[5] Sec. 1. Search warrant defined. - A search warrant is an order in writing issued in the name of the People of the Philippines, signed by a judge and directed to a peace officer, commanding him to search for personal property described therein and bring it before the court. (1a)

[6] Rollo, p. 38.

[7] Records, p. 9.

[8] Id. at 398-402.

[9] Id. at 197; rollo, p. 39.

[10] Id. at 411-412.

[11] Rollo, p. 39.

[12] Id. at 107-108.

[13] Id. at 39.

[14] Id. at 39-40.

[15] Records, pp. 1005-1014.

[16] Rollo, p. 41.

[17] Id. at 46-47.

[18] Sec. 4, Rule 126. Requisites for issuing search warrant. – A search warrant shall not issue except upon probable cause in connection with one specific offense to be determined personally by the judge after examination under oath or affirmation of the complainant and the witness he may produce, and particularly describing the place to be searched and the things to be seized which may be anywhere in the Philippines. (3a)

[19] Sec. 12, Rule 126. Delivery of property and inventory thereof to court; return and proceedings thereon. – (a) The officer must forthwith deliver the property seized to the judge who issued the warrant, together with a true inventory thereof duly verified under oath. x x x

[20] 500 Phil. 342 (2005).

[21] Id. at 357-358.

[22] Records, p. 48.

[23] Id. at 216.

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