

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. EDUARDO COJUANGCO, JR., FERDINAND E. MARCOS, IMELDA R. MARCOS, THE HEIRS OF ERNESTO O. ESCALER, AND ERNEST ESCALER, RESPONDENTS.

G.R. No. 185800. December 01, 2021

Ponente: HERNANDO, J.

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HERNANDO, J.:

This petition[1] assails the January 23, 2006 Resolution[2] and the December 8, 2008 Resolution[3] of the Sandiganbayan in Civil Case No. 0033-G which denied for lack of merit the petitioner Republic of the Philippines' (Republic) motion for judgment on the pleadings or for summary judgment.[4]

The Antecedents:

This long-running case originated from an action for reconveyance, reversion, accounting, restitution, and damages[5] instituted by the Presidential Commission on Good Government (PCGG) before the Sandiganbayan on July 31, 1987. Docketed as Case No. 0033, the case arose after the 1986 EDSA Revolution, and was filed pursuant to Executive Order Nos. (EO) 1,[6] 2,[7] and 14.[8]

On May 19, 1995, Civil Case No. 0033 was subdivided and the Republic filed a third amended complaint[9] against respondents Eduardo Cojuangco, Jr. (Cojuangco),[10] Ferdinand E. Marcos (Marcos),[11] Imelda R. Marcos (Imelda), Ernesto O. Escaler (Escaler),[12] and Ernest Escaler (Ernest) (collectively, respondents) before the Sandiganbayan. The case, subsequently docketed as Civil Case No. 0033-G, was a civil action against respondents for the recovery of alleged ill-gotten wealth which respondents had supposedly acquired and accumulated in flagrant breach of trust and of their fiduciary obligations as public officers.

The pertinent provisions of the third amended complaint read:

1. This is a civil action against Defendants x x x to recover from them ill-gotten wealth consisting of funds and other property which they, in unlawful concert with one another, had acquired and accumulated in flagrant breach of trust and of their fiduciary obligations as public officers, with grave abuse of right and power and in brazen violation of the Constitution and laws of the Republic of the Philippines, thus resulting in their unjust enrichment during Defendant Ferdinand E. Marcos' 20 years of rule from December 30, 1965 to February 25, 1986, first as President of the Philippines under the 1935 Constitution and, thereafter, as one-man ruler under martial law and dictator under the 1973 Marcos-promulgated Constitution.

2. The wrongs committed by Defendants, acting singly or collectively in unlawful concert with one another, include the misappropriation and theft of public funds, plunder of the nation's wealth, extortion, blackmail, bribery, embezzlement and other acts of corruption, betrayal of public trust and brazen abuse of power, x x x, all at the expense and to the grave and irreparable damage of Plaintiff and the Filipino people.

x x x x

12. Defendant Eduardo Cojuangco, Jr., served as a public officer during the Marcos administration. During the period of his incumbency as a public officer, he acquired assets, funds, and other property grossly and manifestly disproportionate to his salaries, lawful income and income from legitimately acquired property.

13. Having established himself as the undisputed "coconut king" with unlimited powers to deal with the coconut levy funds, the stage was now set for Defendant Eduardo Cojuangco, Jr. to launch his predatory forays onto almost all aspects of Philippine economic activity, namely, soft drinks, agri-business, oil mills, shipping, cement manufacturing and textile, as more fully described below.

14. Defendant Eduardo Cojuangco, Jr., taking due advantage of his association, influence and connection, acting in unlawful concert with Defendants Ferdinand E. Marcos and Imelda R. Marcos, and the individual defendants, embarked upon devices, schemes, and stratagems, including the use of defendant corporations as fronts, to unjustly enrich themselves at the expense of Plaintiff and the Filipino people, as when he misused coconut levy funds, with the collaboration of defendants Ernesto O. Escaler and Ernest Escaler, to buy out the local partner of Pepsi Cola, to implement Defendants' scheme to monopolize the softdrinks industry, and more particularly described as follows:

(a) Similarly with most of the companies Defendant Cojuangco set up, the corporations connected with Pepsi were organized using money from the coconut levy. Defendant Ernesto O. Escaler, a close family friend of Defendant Cojuangco, served as the latter's trustee in these firms.

(b) Together with his co-Defendant Escaler, Defendant Cojuangco organized multi-million corporations within a span of two (2) weeks in early 1985, through the use of the coconut levy. x x x[13] (Citations omitted)

Subsequently, Cojuangco and the heirs of Escaler filed their respective answers with compulsory counterclaims to the third amended complaint[14] as well as their respective pre-trial briefs.[15]

The various pleadings of the parties, including their pre-trial briefs, show that prior to the filing of the third amended complaint, a motion for judgment based on a compromise agreement[16] in Civil Case No. 88-1623 pending before the Regional Trial Court (RTC), Branch 144 of Makati, was forged between PEPSICO, Inc., the franchisor of Pepsi Cola, and Pepsi-Cola Bottling Group, Inc. (PCBG) and Pepsi-Cola Distributors, Inc. (PCD), its local franchisee. PCD's creditors, Coconut Industry Foundation, Inc. (CIF), Jade Development Corporation, San Miguel Corporation Retirement and Death Benefits Plan, and United Coconut Planters Bank (UCPB), similarly joined the Motion.[17]

The PCGG approved the compromise agreement on April 11, 1989,[18] while the Sandiganbayan approved the same on July 10, 1989.[19]

During the pre-trial of the case on July 1, 2003, the RTC noted[20] the compromise agreement approved by the PCGG pursuant to the Sandiganbayan's July 10, 1989 Resolution.[21] It likewise ordered the Republic to file a compliance[22] relative to the implications of the above-mentioned compromise agreement.[23]

On January 16, 2004, pending action on the Republic's compliance, the Republic filed before the Sandiganbayan a motion for judgment on the pleadings or for summary judgment[24] under Rules 34 and 35 of the Rules of Court. The motion primarily prayed for the reconveyance, restitution, accounting and forfeiture in favor of the State of the ill-gotten wealth of respondents who, according to the movant, unjustly enriched themselves by misappropriating coconut levy funds to buy the assets of Pepsi Cola. The motion was based on the following grounds:

I. The bulk of the funds used to buy and to capitalize the Pepsi assets (worth more than Php 587 Billion) came from both UCPB [United Coconut Planters Bank] and CIF [Coconut Industry Foundation].

x x x x

II. There is a close family relationship between the Cojuangco and the Escaler families.

x x x x

III. The Supreme Court in Republic v. COCOFED, et al. (G.R. Nos. 147062 to 64) has already ruled that the coconut levy funds are public funds.

x x x x

IV. Coconut levy funds were used to buy and capitalize the Pepsi Cola assets.

x x x x

V. Having been acquired with coconut levy funds, these Pepsi companies belong to the government in trust for all Filipino coconut farmers.[25]

The Republic contended that a review of the pleadings filed by respondents will demonstrate that they have actually failed to tender any real issue under Rule 34 of the Rules of Court. Moreover, if judgment on the pleadings is not proper, then a summary judgment under Rule 35 may be rendered by the Sandiganbayan.[26]

Respondents filed their comments and/or oppositions to the motion for judgment on the pleadings or for summary judgment on March 26, 2004 and March 29, 2004,[27] respectively.

Ruling of the Sandiganbayan:

After hearings were conducted, the Sandiganbayan, in its January 23, 2006 Resolution,[28] denied the Republic's motion for judgment on the pleadings or for summary judgment for lack of merit.

On February 10, 2006, the Republic filed a motion for reconsideration,[29] to which respondents filed their respective comments and/or oppositions on March 30, 2006[30] and May 8, 2006.[31]

In its December 8, 2008 Resolution, the Sandiganbayan denied the Republic's motion for reconsideration[32] on the ground that it was a "mere rehash of its allegations in the motion for judgment on the pleadings or for summary judgment." [33]

Thus, this petition for review on certiorari filed by the Republic.

Issues:

Whether the Sandiganbayan erred in denying the motion for judgment on the pleadings or for summary judgment supposedly on the existence of genuine factual issues, particularly:

(a)

In disregarding the admission that the bulk of the funds used in buying the Pepsi-Cola companies came from the UCPB loans, which are prima facie public funds;

(b)

In holding that there exist certain factual issues which still need to be tried;

(c)

In refusing to apply the doctrine in Republic v. COCOFED[34] to this case and in not finding that Cojuangco had violated his fiduciary duties as the coconut levy administrator and as chief executive officer of the UCPB in allowing the use of the coconut levy funds to acquire the assets of Pepsi-Cola; and

(d)

In finding that the issue of damages still needs to be tried.

Our Ruling

The case is dismissed.

In the recently promulgated case of "Eduardo M. Cojuangco, Jr. v. Sandiganbayan and the Presidential Commission on Good Government,"[35] the Court granted the petition for prohibition filed by Cojuangco, which sought to enjoin the Sandiganbayan from further exercising jurisdiction over Civil Case Nos. 0033-B, 0033-C, 0033-D, 0033-E, 0033-G, and 0033-H, involving complaints for recovery of ill-gotten wealth. The Court granted the petition enjoining the Sandiganbayan from taking further proceedings in the above-entitled civil cases, including Civil Case No. 0033-G, the case involved in the present petition. The Court decreed:

In sum, the Court finds that petitioner's constitutional rights to due process and speedy disposition of cases have been violated in the subject cases, in which petitioner is the principal defendant, thereby necessitating the dismissal of the same. Notably, the inordinate delay attending the cases is primarily due to the Sandiganbayan's vexatious, capricious, and oppressive delays in the resolution of pending motions in the subject cases and to its patently unreasonable and baseless refusal to proceed to trial in utter disregard of petitioner's constitutional rights. It appears that there is no intention on the part of the Sandiganbayan to put a stop to this seemingly unending litigation. Such travesty of the Bill of Rights cannot continue if we are to give life and meaning to the old legal maxim, "justice delayed is justice denied." An unwarranted slow down in the disposition of cases erodes the faith and confidence of our people in the judiciary, lowers its standards and brings it into disrepute. Accordingly, such actions of the Sandiganbayan constitute grave abuse of discretion and as a result, the said hearing tribunal loses its jurisdiction to conduct further proceedings in the subject cases, which petitioner rightly prayed for in the present Petition for Prohibition.

Lastly, the Court has no doubt that the Republic, through the generations of leadership that had the duty and privilege to handle these cases, had all the resources to pursue cases of corruption and ill-gotten wealth. Also, the Court is not so naive to know that these cases are met with various challenges given that those who may be its defendants are not ordinary individuals without their own share of immense resources and power. However, the inordinate delay in this case — especially the long periods where no pre-trial orders were issued or no trial was calendared — may have made the situation worse for the respondents. Memories fade, documents and other exhibits can be lost and vulnerability of those who are tasked to decide increase with the passing of years. All these pales in comparison to the infringement of rights; the resources — of the government especially and also of the respondents — may have been wasted; and significantly, the faith of our people in the ability of the respondents to identify, prove, and recover alleged ill-gotten wealth.[36] (Citations omitted.)

Thus, the dispositive reads as follows:

WHEREFORE, the Petition is GRANTED. A Writ of Prohibition is hereby issued ENJOINING the Sandiganbayan from taking further proceedings in Civil Case Nos. 0033-B, 0033-C, 0033-D, 0033-E, 0033-G, and 0033-H. An ORDER is hereby issued DISMISSING the said cases for violation of the constitutional rights to due process and speedy disposition of cases of petitioner Eduardo M. Cojuangco, Jr., the principal defendant therein.

SO ORDERED.[37]

In light of the dismissal of Civil Case No. 0033-G, the present petition which stemmed from and an incident thereof, has no more leg to stand on. Its dismissal is thus warranted.

WHEREFORE, the petition is DISMISSED in light of the dismissal of Civil Case No. 0033-G in G.R. No.

247982 entitled "Eduardo M. Cojuangco, Jr. v. Sandiganbayan and the Presidential Commission on Good Government."

SO ORDERED.

Perlas-Bernabe, SAJ. (Chairperson) and Inting, JJ., concur.
Gaerlan and Dimaampao, JJ., on official leave.

[1] Rollo, Vol. 1, pp. 13-50.

[2] Id. at 52-70. Penned by Associate Justice (now a retired Chief Justice of the Supreme Court) Diosdado M. Peralta and concurred in by then Presiding Justice (now a retired Chief Justice of the Supreme Court) Teresita J. Leonardo-De Castro and Associate Justice Efren N. De La Cruz.

[3] Id. at 72-81. Penned by Presiding Justice (now a retired Chief Justice of the Supreme Court) Diosdado M. Peralta and concurred in by Associate Justices Rodolfo A. Ponferrada and Efren N. De La Cruz.

[4] Id. at 168-188.

[5] Id. at 17.

[6] Entitled "CREATING THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT."

[7] Entitled "REGARDING THE FUNDS, MONEYS, ASSETS, AND PROPERTIES ILLEGALLY ACQUIRED OR MISAPPROPRIATED BY FORMER PRESIDENT FERDINAND MARCOS, MRS. IMELDA ROMUALDEZ MARCOS, THEIR CLOSE RELATIVES, SUBORDINATES BUSINESS ASSOCIATES, DUMMIES, AGENTS OR NOMINEES."

[8] Entitled "DEFINING THE JURISDICTION OVER CASES INVOLVING THE ILL-GOTTEN WEALTH OF FORMER PRESIDENT FERDINAND E. MARCOS, MRS. IMELDA R. MARCOS, MEMBERS OF THEIR IMMEDIATE FAMILY, CLOSE RELATIVES, SUBORDINATES, CLOSE AND/OR BUSINESS ASSOCIATES, DUMMIES, AGENTS AND NOMINEES."

[9] Rollo, Vol. 1, pp. 82-98.

[10] Died on June 16, 2020.

[11] Died on September 28, 1989.

[12] Died on February 11, 1994.

[13] Rollo, Vol. 1, pp. 82-83, 89-90.

[14] Id. at 99-112, 113-138.

[15] Id. at 140-154, 155-167.

[16] Records, Vol. II, pp. 572-615.

[17] Id. at 572.

[18] Rollo, Vol. 1, p. 53.

[19] Id.

[20] Id.

[21] Id.

[22] Records, Vol. 4, pp. 258-260.

[23] Rollo, Vol. 1, p. 53.

[24] Id. at 168-188.

[25] Id. at 169-179.

[26] Id. at 181-182.

[27] Id. at 24.

[28] Id. at 52-70.

[29] Id. at 189-209.

[30] Id. at 24.

[31] Rollo, Vol. 2, pp. 588-613.

[32] Id., Vol.1, pp. 72-81.

[33] Id. at 77.

[34] 423 Phil. 735 (2001).

[35] G.R. No. 247982, April 28, 2021.

[36] Id.

[37] Id.

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