

**HON. SALVADOR M. MISON, COMMISSIONER OF CUSTOMS, AND
CARLOS L. RAZO, COLLECTOR OF CUSTOMS OF THE SUBPORT OF
CLARK, PETITIONERS, VS. HON. ELI G. C. NATIVIDAD, PRESIDING
JUDGE OF ...**

G.R. No. 82586. September 11, 1992

Ponente: DAVIDE, JR., J.

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DAVIDE, JR., J.:

This is a petition for certiorari and prohibition filed on 6 April 1988 to annul, for having been issued without jurisdiction or with grave abuse of discretion, the 26 February 1988 Resolution of respondent Judge -- denying petitioners' motion to dismiss Civil Case No. 8109 pending before Branch 48 of the Regional Trial Court (RTC) of Pampanga and granting private respondent's motion therein for the issuance of a writ of preliminary injunction -- and to enjoin respondent Judge from proceeding further in said case. It resurrects a long-settled issue of the jurisdiction of the Regional Trial Court over actions involving articles subject to seizure proceedings under the Tariff and Customs Code.

In the Resolution of 18 April 1988, this Court required the respondents to comment on the petition and issued a Temporary Restraining Order restraining the respondent Judge from further proceeding with the aforementioned Civil Case No. 8109 or from enforcing and/or carrying out his Resolution of 26 February 1988.[1]

Private respondent subsequently filed his Comment[2] to the petition, to which petitioners filed a Reply.[3] Private respondent then filed a Rejoinder[4] to the latter.

This Court gave due course to the petition and required the parties to submit their respective Memoranda.[5] Both manifested that they have sufficiently expounded on the relevant issues in their previous pleadings and moved, in effect, that they be allowed to dispense with the submission of their respective Memoranda, which this Court noted and granted.

The factual antecedents disclosed in the petition are as follows:

In a sworn letter[6] dated 7 February 1988 and addressed to the Commissioner of Customs, one Butch Martinez informed the former of the existence of both "assembled and disassembled" knocked-down vehicles, particularly Toyota Lite Aces, at the compound of CVC Trading, which is owned by a certain Mr. Castro and located at St. Jude Avenue, St. Jude Village, San Fernando, Pampanga. Martinez requested for an immediate investigation thereon and prosecution for the violation of customs laws.

On the basis thereof, Gen. Benjamin C. Cruz, Acting Director of the National Customs Police, formed a team composed of National Customs Police (NCP) and Customs Intelligence and Investigation Division (CIID) members, issuing to the same a Mission Order[7] on 11 February 1988. The team proceeded to San Fernando, Pampanga on the same day, giving due notice of their presence to the PC Region III Command and the PC-INP Station at San Fernando, Pampanga.

Upon arrival at the place pinpointed by Mr. Martinez at around 11:00 p.m., the team found a fenced area containing twenty (20) units of fully and partly assembled Toyota Lite Ace vans. It immediately took possession and control of the motor vehicles by cordoning off the enclosure. Thereafter, at about 11:30 p.m., two (2) members of the team were designated to secure a warrant of seizure and detention from the Collector of Customs of the Subport of Clark,[8] herein petitioner Carlos L. Razo. The latter instituted seizure proceedings against the abovementioned vehicles (Seizure Identification No. CAB-01-88), entitled "Republic of the Philippines versus Twenty (20) units Toyota Lite-Ace, CVC Trading St. Jude Ave., Dolores Homesite, San Fernando, Pampanga, OWNER/CLAIMANT", for the violation of "Section 2530 (f) and (1)-1 & 5" of the Tariff and Customs Code, in relation to Central Bank regulations. Accordingly, at about 8:00 a.m. on 12 February 1988, he issued a Warrant of Seizure and Detention.[9]

Since receipt of the warrant was refused by the owner/claimant or any of his representatives, the same was served by substituted service through the posting of a copy thereof on one of the subject motor vehicles found near the gate of the stockyard. An inventory of the vehicles was conducted and a copy thereof was attached to the return of the warrant made to the issuing authority.

At about 11:00 a.m. on 12 February 1988, when the team was about to haul the motor vehicles away, two (2) Regional Trial Court sheriffs arrived with a temporary restraining order issued on that date by the respondent Judge, as Executive Judge of the Regional Trial Court of San Fernando, Pampanga; the order was issued in connection with Civil Case No. 8109, entitled "Sonny Carlos, plaintiff, versus Bureau of Customs and/or Customs Police, defendant," for Damages with Prayer for Preliminary Injunction and Restraining Order. The plaintiff in the said case is the private respondent in this petition. The order restrained the Bureau of Customs and/or Customs Police from seizing or confiscating the vehicles until further ordered, and directed the defendants to attend the raffle of the case on 26 February 1988 at 9:00 o'clock in the morning and show cause why a writ of preliminary injunction should not be issued against them. It further required plaintiff to submit within twenty four (24) hours from that date the list of vehicles in question and "not to dispose any (sic) of them pending further order of the court." [10]

In his Complaint[11] in the above-entitled case, private respondent alleges that he is the owner of several vehicles which are legally registered in his name and that he has paid all the taxes and "corresponding licenses" therefor; he further avers that elements of the defendant Bureau of Customs and/or Customs Police have surrounded his residence threatening to take possession of the vehicles. He finally prays that the latter be enjoined from doing so and that they be ordered to pay damages in the sum of P50,000.00.

By virtue of the restraining order, the physical transfer of the vehicles was deferred; however, elements of the National Customs Police and the PC Regional Command remained deployed in the area to assert possession and control over the seized motor vehicles by the Bureau of Customs.

On 16 February 1988, lawyers of the Bureau of Customs filed a Motion to Dismiss[12] Civil Case No. 8109 alleging therein (a) the lack of jurisdiction of the Regional Trial Court over the subject vehicles in view of the exclusive jurisdiction of the Collector of Customs over seizure and forfeiture cases, and (b) the failure of the plaintiff to exhaust administrative remedies.

On 17 February 1988, the private respondent filed an Opposition/Comment on the Motion to Dismiss[13] alleging, among others, that the Warrant of Seizure and Detention did not comply with the requirements for a valid search warrant under the Constitution, and that taxes for the vehicles have been paid to the Bureau of Internal Revenue (BIR).

The Motion to Dismiss was heard on 19 February 1988 by the respondent Judge, to whose branch the case, was

raffled off. After said hearing, the private respondent's motion and application for preliminary injunction were deemed submitted for resolution.

On 22 February 1988, private respondent filed an Amended Complaint[14] changing his name from "Sonny Carlos" to "CESAR SONNY CARLOS" and naming as defendants, in place of the "BUREAU OF CUSTOMS AND/OR CUSTOMS POLICE", "ATTY. CARLOS L. RAZO, in his capacity as Collector of Customs; LOUIE ROMERO, BILLY BIBIT, their authorized deputies and JOHN DOES." In this Amended Complaint, private respondent assails the subject warrant for being patently "illegal and fatally defective" and void of any virtue; reiterates his willingness to post a bond "in an amount the Court may fix conditioned upon the damages that the defendants may suffer as a consequence of the issuance of the injunction;" and asks for P500,000.00 as actual damages, P100,000.00 as exemplary and corrective damages, P50,000.00 as moral damages and P50,000.00 as attorney's fees.

In the meantime, the hearing of Seizure Identification No. CAB-01-88 was set for 18 and 19 February 1988, per Notice of Hearing dated 15 February 1988 and issued by petitioner Collector of Customs. Since the owner/claimant CVC Trading refused to accept a copy of the said notice, a follow-up notice of hearing was transmitted to it thru a telegram; the latter replied also by telegram,[15] declaring that:

"We are the legal possessors/owners (sic) of the vehicles in our compound there can be no forfeiture since a case has been lodged before the civil courts hearing on Feb 19, 1988 the courts have assumed jurisdiction to your exclusion

Moreover elementary due process requires service of documents complaint. There can be no service of summon's (sic) or notice of hearing thru telegrams."

At the hearing on 18 February 1988, Attys. Napoleon Gatmaitan and Conrado Unlayao, CIID, Bureau of Customs, appeared for the Government. No appearance was entered for the owner/claimant. Thus, the Government was allowed to present evidence ex-parte.

On 26 February 1988, petitioner Collector of Customs rendered a Decision[16] in the said seizure proceedings, the dispositive portion of which reads:

"WHEREOF, by authority of law vested in the undersigned, it is hereby ordered that the Twenty (20) Units Toyota Lite Ace covered by this seizure case be, as they are hereby, declared forfeited in favor of the Government to be disposed of in the manner provided for by law.

Let copies of this Decision be furnished all parties and office (sic) concerned, with a copy thereof posted in the Bulletin Board of this Customhouse, for their information guidance and appropriate action."

On the same date, the respondent Judge issued a Resolution[17] in Civil Case No. 8109 denying the motion to dismiss and granting the application for a writ of preliminary injunction. The pertinent portions thereof read:

"I. Resolution on the Motion to Dismiss with Prayer to Lift Restraining Order

x x x

A reading of the complaint will show that it was alleged that the plaintiff is the owner of the subject vehicles. He is in actual and physical possession of the same. Plaintiff enjoys the presumption of ownership, to (sic) which he has to protect.

x x x

It is to be noted that the subject matter of the complaint is the legal ownership of the vehicles and damages being asked by plaintiff, thus, this Court can assume jurisdiction over the case. The mere allegation of the

defendants that the subject vehicles were smuggled based on 'reliable information' will not divest this Court of jurisdiction.

x x x

In this particular case, there is no showing that plaintiff is an importer who imported dutiable goods, in entering the port of Clark Air Base; imported thru that port. The goods are in private (sic) place owned by plaintiff, and not in the possession of the collector of customs.

x x x

The numerous Supreme Court decisions cited by movant in his motion to dismiss have very remote pertinence at the case at bar. In the cited cases, dutiable imported goods or articles were seized while on vessels and/or customs zone (sic), and the alleged owners filed cases of replevin or recovery of personal properties.

II. Resolution in the Issuance of Writ of Preliminary Injunction

x x x

Having substantiated the said allegations, in his complaint with Annexes and considering the oral arguments of the parties, it is hereby ordered and directed that after the plaintiff filed (sic) the bond in the amount of P100,000.00 as fixed by this Court, all the defendants and any other persons acting under their command, or for (sic) in their behalf, to (sic) desist and refrain from guarding the area of the plaintiff and from seizing or confiscating the vehicles involved in this case pending termination of this litigation and/or unless a contrary order is issued by this Court. Thus, the defendants is (sic) hereby inhibited for the meantime to guard the area or commit trespass of plaintiffs' premises in any manner restrain (sic) the movement of herein plaintiff and his representatives or employees, considering that there is standing (sic) of this Court that pending the termination of this case, the said vehicles should not be disposed of."

Hence, this petition which We find to be meritorious. It should be granted.

The court a quo has no jurisdiction over the res subject of the warrant of seizure and detention. The respondent Judge, therefore, acted arbitrarily and despotically in issuing the temporary restraining order, granting the writ of preliminary injunction and denying the motion to dismiss, thereby removing the res from the control of the Collector of Customs and depriving him of his exclusive original jurisdiction over the controversy. Respondent Judge exercised a power he never had and encroached upon the exclusive original jurisdiction of the Collector of Customs. By express provision of law, amply supported by well-settled jurisprudence, the Collector of Customs has exclusive jurisdiction over seizure and forfeiture proceedings and regular courts cannot interfere with his exercise thereof or stifle or put it to naught.

In the 1966 case of *Pacis vs. Averia*,^[18] this Court, speaking through Mr. Justice J.P. Bengzon, held that:

"The Tariff and Customs Code, in Section 2530 thereof, lists the kinds of property subject to forfeiture. At the same time, in Part 2 of Title VI thereof, it provides for the procedure in seizure and forfeiture cases and vests in the Collector of Customs the authority to hear and decide said cases. [Section 2312, R.A. 1937] The Collector's decision is appealable to the Commissioner of Customs [Section 2313, R.A. 1937] whose decision is in turn appealable to the Court of Tax Appeals. [Section 2402, R.A. 1937; Sections 7 and 11, R.A. 1125]. An aggrieved party may appeal from a judgment of the Court of Tax Appeals directly to this Court [Section 18, R.A. 1125; Rule 44, Rules of Court]. On the other hand, Section 44(c) of the Judiciary Act of 1948 [As amended by R.A. 3828] lodges in the Court of First Instance original jurisdiction in all cases in which the value of the property in controversy amounts to more than ten thousand pesos. This original jurisdiction of the Court of First Instance, when exercised in an action for recovery of personal property which is a subject of a forfeiture proceeding in the Bureau of Customs, tends to encroach upon, and to render futile, the jurisdiction of

the Collector of Customs in seizure and forfeiture proceedings. This is precisely what took place in this case. The seizure and forfeiture proceedings against the M/B 'Bukang Liwayway' before the Collector of Customs of Manila, was stifled by the issuance of a writ of replevin by the Court of First Instance of Cavite.

Should Section 44(c) of the Judiciary Act of 1948 give way to the provisions of the Tariff and Customs Code, or vice versa? In Our opinion, in this particular case, the Court of First Instance should yield to the jurisdiction of the Collector of Customs. The jurisdiction of the Collector of Customs is provided for in Republic Act 1937 which took effect on July 1, 1957, much later than the Judiciary Act of 1948. It is axiomatic that a later law prevails over a prior statute [Herman v. Radio Corporation of the Philippines, 50 Phil. 490; Pampanga Sugar Mills v. Trinidad, 279 U.S. 211, 73 L. ed. 665]. Moreover, on grounds of public policy, it is more reasonable to conclude that the legislators intended to divest the Court of First Instance of the prerogative to replevin a property which is a subject of a seizure and forfeiture proceedings for violation of the Tariff and 'Customs Code. Otherwise, actions for forfeiture of property for violation of Customs laws could easily be undermined by the simple device of replevin.

Furthermore, Section 2303 of the Tariff and Customs Code requires the Collector of Customs to give to the owner of the property sought to be forfeited written notice of the seizure and to give him the opportunity to be heard in his defense. This provision clearly indicates the intention of the law to confine in the Bureau of Customs the determination of all questions affecting the disposal of property proceeded against in a seizure and forfeiture case. The judicial recourse of the property owner is not in the Court of First Instance but in the Court of Tax Appeals, and only after exhausting administrative remedies in the Bureau of Customs."

In *De Joya vs. Lantin*,^[19] this Court, speaking again through Mr. Justice J.P. Bengzon, declared:

"The goods in question are imported articles entered at the Port of Cebu. Should they be found to have been released irregularly from Customs custody in Cebu City, they are subject to seizure and forfeiture, the proceedings for which comes within the jurisdiction of the Bureau of Customs pursuant to Republic Act 1937.

Said proceedings should be followed; the owner of the goods may set up defenses therein (*Pacis vs. Averia*, L-22526, Nov. 29, 1966). From the decision of the Commissioner of Customs appeal lies to the Court of Tax Appeals, as provided in Sec. 2402 of Republic Act 1937 and Sec. 11 of Republic Act 1125. To permit recourse to the Court of First Instance in cases of seizure of imported goods would in effect render ineffective the power of the Customs authorities under the Tariff Code and deprive the Court of Tax Appeals of one of its exclusive appellate jurisdiction. As this Court has ruled in *Pacis vs. Averia*, *supra*, Republic Acts 1937 and 1125 vest jurisdiction over seizure and forfeiture proceedings exclusively upon the Bureau of Customs and the Court of Tax Appeals. Such law being special in nature, while the Judiciary Act defining the jurisdiction of Courts of First Instance is a general legislation, not to mention that the former are later enactments, the Court of First Instance should yield to the jurisdiction of the Customs authorities."

This rule was subsequently reiterated in *Romualdez vs. Arca*,^[20] *De Joya vs. David*,^[21] *Diosamito vs. Balanque*,^[22] *Lopez vs. Commissioner of Customs*,^[23] *Ponce Enrile vs. Vinuya*,^[24] *Collector of Customs vs. Torres*,^[25] *Pacis vs. Geronimo*^[26] and *De la Fuente vs. De Veyra*.^[27]

The language of the foregoing rule is simple, clear and leaves no doubt as to the Regional Trial Court's lack of jurisdiction over the res which has already been made the subject of seizure and forfeiture proceedings. Frankly, this Court is unable to understand why the respondent Judge misread the same; perhaps, he simply chose to ignore it. At any rate, such behavior is highly condemnable.

A warrant of seizure and detention having already been issued, presumably in the regular course of official duty,^[28] the Regional Trial Court of Pampanga was indisputably precluded from interfering in the said proceedings. That in his complaint in Civil Case No. 8109 private respondent alleges ownership over several vehicles which are legally registered in his name, having paid all the taxes and corresponding licenses incident

thereto, neither divests the Collector of Customs of such jurisdiction nor confers upon the said trial court regular jurisdiction over the case. Ownership of goods or the legality of its acquisition can be raised as defenses in a seizure proceeding;^[29] if this were not so, the procedure carefully delineated by law for seizure and forfeiture cases may easily be thwarted and set to naught^[30] by scheming parties. Even the illegality of the warrant of seizure and detention cannot justify the trial court's interference with the Collector's jurisdiction. In the first place, there is a distinction between the existence of the Collector's power to issue it and the regularity of the proceeding taken under such power. In the second place, even if there be such an irregularity in the latter, the Regional Trial Court does not have the competence to review, modify or reverse whatever conclusions may result therefrom. In *Ponce Enrile vs. Vinuya*,^[31] this Court had the occasion to state:

"2. Respondents, however, notwithstanding the compelling force of the above doctrines, would 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, as earlier made mention of, 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 above decisions the law has not seen fit to do so. The proceeding before the Collector of Customs is not final. An appeal lies to the Commissioner of Customs and thereafter to the Court of Tax Appeals. It may even reach this Court through the appropriate petition for review. The proper ventilation of the legal issues raised is thus indicated. Certainly a court of first instance is not therein included. It is devoid of jurisdiction."

WHEREFORE, the Resolution of respondent Judge of 26 February 1988 in Civil Case No. 8109 before Branch 48 of the Regional Trial Court of Pampanga, and all proceedings had therein, are NULLIFIED and SET ASIDE and the said case is hereby ordered DISMISSED.

The temporary restraining order issued by this Court on 18 April 1988 is hereby made permanent.

SO ORDERED.

Bidin and Romero, JJ., concur.

Gutierrez, Jr., J., (Chairman), on official leave.

Melo, J., no part.

[1] Rollo, 72.

[2] *Id.*, 81-103; 111-125.

[3] *Id.*, 188-204.

[4] *Id.*, 211-215.

[5] *Id.*, 218.

[6] Annex "A" of petition; *Id.*, 40.

[7] Annex "B" of Petition; Rollo, 41.

[8] Annex "C" and "C-1", *Id.*; *Id.*, 42-43.

[9] Annex "D" of Petition; Rollo, 44.

[10] Annex "E" of Petition; Rollo, 45.

[11] Annex "F", Id.; Id., 46.

[12] Annex "G", Id.; Id., 48-52.

[13] Annex "I" of Petition; Rollo, 55-58.

[14] Annex "J", Id.; Id., 59-62.

[15] Annex "K" of Petition; Rollo, 63.

[16] Annex "L", Id.; Id., 64-67.

[17] Annex "M" of Petition; Rollo, 68-71.

[18] 18 SCRA 907, 916-917 [1966].

[19] 19 SCRA 894, 897 [1967].

[20] 21 SCRA 856 [1967].

[21] 21 SCRA 1493 [1967].

[22] 28 SCRA 836 [1969].

[23] 37 SCRA 327 [1971].

[24] 37 SCRA 381 [1971].

[25] 45 SCRA 272 [1972].

[26] 56 SCRA 583 [1974].

[27] 120 SCRA 451 [1983].

[28] Section 3 (m), Rule 131, Rules of Court.

[29] De la Fuente vs. De Veyra, *supra*.

[30] Pacis vs. Geronimo, *supra*.

[31] *Supra.*, at page 388-389.

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