

**RODOLFO M. CUENCA AND CUENCA INVESTMENT CORP.,
PETITIONERS, VS. THE PRESIDENTIAL COMMISSION ON GOOD
GOVERNMENT, INDEPENDENT REALTY CORP., AND UNIVERSAL
HOLDINGS CORP., RESPONDENTS.**

G.R. NOS. 159104-05. October 05, 2007

Ponente: VELASCO, JR., J.

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VELASCO, JR., J.:

The Case

In this Petition for Review on Certiorari under Rule 45, petitioners assail the January 6, 2003 Decision[1] of the Court of Appeals (CA) in consolidated cases CA-G.R. CV No. 60338[2] and CA-G.R. SP No. 49686[3] which upheld the jurisdiction of Sandiganbayan over a dispute involving the transfer of stocks and subscription rights of respondent Universal Holdings Corporation (UHC), a sequestered company, in favor of petitioners Rodolfo M. Cuenca and Cuenca Investment Corporation (CIC); and its July 15, 2003 Resolution[4] denying petitioners' Motion for Reconsideration.[5] The consolidated cases originated from Civil Case No. 91-2721 entitled Rodolfo M. Cuenca, et al. v. Independent Realty Corp., et al. filed before the Makati City Regional Trial Court (RTC), Branch 61—CA-G.R. CV No. 60338 being an appeal from the April 23, 1998 Decision rendered by the Makati City RTC, and CA-G.R. SP No. 49686 being a special civil action formerly filed as a petition for certiorari before the Supreme Court, but was remanded to the CA for a review of the denial of the motion for intervention filed by respondent Presidential Commission on Good Government (PCGG).

The Facts

Respondent UHC is a wholly owned subsidiary of Independent Realty Corporation (IRC). UHC had an authorized capital stock of PhP 200,000,000 of which 401,995 shares worth PhP 40,199,500 were subscribed and PhP 10,050,000 was paid up by IRC. Five stockholders of IRC held qualifying shares in UHC and served in its Board of Directors. UHC became an inactive holding company until the later months of 1978.

In 1978, petitioner Rodolfo M. Cuenca and his family's holding company, petitioner CIC, negotiated and reached an agreement with respondents IRC and UHC, whereby petitioners Cuenca and CIC would purchase all the shares of stock and subscription rights of IRC in UHC for PhP 10,000,000 and assume IRC's unpaid subscription of PhP 30,000,000. Petitioners Cuenca and CIC were then the controlling stockholders of the Construction and Development Corporation of the Philippines (CDCP), now the Philippine National Construction Corporation (PNCC), Sta. Ines Melale Forest Products Corporation (Sta. Ines), and Resort Hotels Corporation (Resort Hotels). In order to build up UHC as his flagship company, petitioner Cuenca transferred to UHC the shares of stocks in CDCP, Sta. Ines, and Resort Hotels worth PhP 67,233,405, with UHC assuming Cuenca's various bank obligations, some or all of which were secured by pledges or liens on the stocks.

On October 21, 1978, petitioner Cuenca was elected Chairperson and President of UHC at a special stockholders'

meeting in accordance with the acquisition plan, and through UHC, Cuenca continued to control and manage CDCP, Sta. Ines, and Resort Hotels. Pursuant to the acquisition plan and agreement with IRC, Cuenca and CIC transferred their shares of stock in CDCP, Sta. Ines, and Resort Hotels to UHC, which in turn paid PhP 10,000,000 to IRC. In addition, petitioners assumed IRC's unpaid subscription of PhP 30,000,000 in UHC. The only remaining matter to be accomplished was the transfer of the stocks and subscription rights of IRC in UHC to petitioners, but despite demand, IRC did not comply.

In 1986, the instant controversy between petitioners and respondent IRC was overtaken by dramatic political events. President Marcos was ousted in a bloodless revolution and left behind an unbelievably large amount of funds and assets that were sequestered by the new government of President Aquino through PCGG. In July 1987, because of Marcos nominee Jose Yao Campos' sworn statement, respondent PCGG directed Santos Luis Diego, President of IRC, to dissolve all the boards of directors of IRC's fully-owned subsidiaries. A year later, it turned over IRC and its subsidiary, UHC, to the Asset Privatization Trust (APT) for rehabilitation, conservation, or disposition, enabling APT to assign one share of stock in IRC and in each of its 25 subsidiaries, including UHC, to Paterno Bacani, Jr.

Amidst this state of affairs, petitioners filed the October 2, 1991 Complaint[6] against IRC, UHC, APT, and Bacani before the Makati City RTC, which was docketed as Civil Case No. 91-2721, to compel IRC to transfer all its stock and subscription rights in UHC to them or order IRC and UHC to return and re-convey to them all the assets and shares of stock in CDCP, Sta. Ines, and Resort Hotels that they had transferred to UHC.

The Ruling of the Regional Trial Court

On November 29, 1991, respondents IRC and UHC filed a Joint Motion to Dismiss[7] on the ground of lack of jurisdiction, claiming that the exclusive jurisdiction was lodged in the Sandiganbayan and not in the RTC. Meanwhile, on December 9, 1991, respondents IRC and UHC, represented by respondent PCGG, filed another Motion to Dismiss[8] on the ground of *litis pendentia* as petitioner Cuenca had a pending case filed by respondent PCGG before the Sandiganbayan and docketed as Civil Case No. 0016 entitled *Republic of the Philippines v. Rodolfo M. Cuenca, et al.*, which involved respondent UHC and several other corporations beneficially owned or controlled by petitioner Cuenca for and in behalf of the Marcoses. Meanwhile, in the May 14, 1992 Order, the trial court dismissed the Complaint against APT and Bacani, and dropped them as defendants on October 16, 1992.[9] On March 25, 1993, the trial court, however, denied both motions to dismiss on the ground that respondent PCGG was not impleaded in the instant case and that the transaction involved specific performance of a contract entered into in 1978 before the PCGG came into existence.

Consequently, on August 19, 1993, respondents IRC and UHC filed their Answer with Counterclaim.[10] Before pre-trial, petitioners sent their Interrogatories[11] to IRC and UHC, which were answered by IRC on July 25, 1994.[12] After considerable time had elapsed without UHC filing its answer to the interrogatories, and unsatisfied with IRC's answer not accomplished, duly signed, and sworn to by a competent and responsible IRC officer as only IRC's counsel signed it, petitioners filed on August 30, 1994 a Motion to Compel UHC to Answer Interrogatories[13] to which the trial court issued two related Orders, the first dated January 17, 1995 directing IRC to submit proper and complete answers and UHC to answer the interrogatories,[14] and the second dated February 10, 1995 granting respondents IRC and UHC an extension of 15 days to file their answers to the interrogatories.[15]

On September 29, 1995, petitioners filed a Motion to Declare Defendants in Default[16] for non-compliance with Section 5 of Rule 29,[17] Revised Rules of Civil Procedure. Respondents IRC and UHC filed their respective Answers to Interrogatories[18] on October 17, 1995 or only after the motion to declare them in default was filed

and served. Consequently, the trial court issued its February 7, 1996 Order of default, which also granted petitioners the right to adduce their evidence ex-parte.[19] On September 9, 1996, the trial court likewise denied[20] the Motion for Reconsideration and/or Lift Order of Default[21] filed by respondents IRC and UHC.

Subsequently, respondent PCGG filed its Motion for Leave to Intervene with Motion to Dismiss on December 18, 1996, which was denied by the trial court only on April 20, 1998.[22]

Parenthetically, on October 22, 1996, petitioners filed an Urgent Ex-Parte Application for Receivership which was granted through an October 28, 1996 Order, appointing Jaime C. Laya as UHC's receiver. After posting the requisite bond, the trial court issued on November 5, 1996 an Order approving the bond, and receiver Laya submitted his November 13, 1996 Oath of Office.

Petitioners adduced their evidence and presented the testimonies of petitioner Rodolfo Cuenca and Lourdes G. Labao, a supervisor of Caval Securities Registry, Inc., who testified on the transfers of shares of stock of CDCP, Sta. Ines, and Resort Hotels from Cuenca and CIC to UHC. On March 20, 1998, petitioners filed their Formal Offer of Exhibits.[23]

On April 23, 1998, the trial court rendered a Decision in favor of petitioners. The fallo reads:

Accordingly, JUDGMENT is hereby rendered in favor of plaintiffs and as against defendants IRC and UHC, who are hereby ordered to immediately return and reconvey to plaintiffs all of the shares of stocks and stock subscriptions in Philippine National Construction Corporation (formerly known as Construction and Development [Corporation] of the Philippines), Resort Hotels Corporation and Sta. Ines Melale Forest Products Corporation, including those transferred by plaintiffs to UHC such as the 24,780,746 shares in CDCP/PNCC, the 468,062 shares in Resort Hotels Corporation and the 23,748,932 shares in Sta. Ines Melale Forest Products Corporation plus all fruits thereof such as stock and cash dividends and stock splits.

The plaintiffs' prayer for damages and attorney's fees are hereby DENIED.

The counterclaim of defendants UHC and IRC for damages and attorney's fees is hereby DENIED for lack of evidence.

The appointment of JAIME C. LAYA as Receiver of defendant UHC is hereby MAINTAINED until finality of this Decision and full execution of this Decision or full compliance herewith by defendants.[24]

From the adverse Decision, respondents IRC and UHC appealed to the CA, which was docketed as CA-G.R. CV No. 60338. On the other hand, after the trial court denied respondent PCGG's Motion for Reconsideration[25] through its July 22, 1998 Order,[26] PCGG brought the instant case before this Court in G.R. No. 13516. Said PCGG special civil action was remanded to the CA and docketed as CA-G.R. SP No. 49686 entitled Presidential Commission on Good Government (PCGG) v. Hon. Fernando V. Gorospe, as Presiding Judge RTC of Makati City, Branch 61, et al. In the petition before the CA, PCGG also assailed the April 20, 1998 Order of the trial court denying its motion for intervention in Civil Case No. 91-2721. Thus, the petition for certiorari (CA-G.R. SP No. 49686) and the appeal (CA-G.R. CV No. 60338) were consolidated.

The Ruling of the Court of Appeals

Through its assailed Decision, the appellate court reversed the Makati City RTC's Decision, granted the petition filed by PCGG, and dismissed the instant case for lack of jurisdiction. The appellate court ratiocinated that the Sandiganbayan had exclusive jurisdiction to hear the instant case involving petitioners and the sequestered respondents corporations. It held that the recourse of parties, petitioners in the instant case, who wish to challenge respondent PCGG's acts or orders, would be to the Sandiganbayan pursuant to Executive Order No. (EO) 14 issued on May, 7, 1986,[27] which ordained that this body alone had the original jurisdiction over all of

respondent PCGG's cases, civil or criminal, citing PCGG v. Peña[28] as authority. The appellate court applied Republic v. Sandiganbayan[29] on the issue of sequestration by respondent PCGG of UHC, CIC, and CDCP (now PNCC) against petitioner Cuenca, the Marcos spouses, their relatives, friends, and colleagues.

The CA applied the doctrine of conclusiveness of judgment that any rule which had already been authoritatively established in a previous litigation should be deemed the law of the case between the same parties. As such, the appellate court adopted the ruling in Republic on the continuing force of the order of sequestration and concluded that, indeed, respondent UHC is a sequestered company. The CA did not find merit in petitioners' contention that sequestration did not affect their transaction with respondents as it arose before PCGG was created.

Even if petitioners had initially a cause of action, the CA ruled that the complaint was certainly affected by the passage of the law charging respondent PCGG with the performance of certain tasks over the subject matter of the action; and that the same subject matter had become subject to the new exclusive jurisdiction vested in the Sandiganbayan at the time petitioners filed the instant case.

Aggrieved, petitioners filed their Motion for Reconsideration[30] which was denied by the assailed July 15, 2003 CA Resolution.[31] Hence, they filed this petition for review.

The Issues

Petitioners raise the following grounds for our consideration:

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN DISMISSING CIVIL CASE NO. 91-2721 BELOW ON THE GROUND THAT THE SANDIGANBAYAN HAS EXCLUSIVE JURISDICTION OVER THE SUBJECT MATTER OF THE CASE.

A

THE FACT ALONE THAT RESPONDENT UHC MAY HAVE BEEN SEQUESTERED DID NOT DIVEST THE REGIONAL TRIAL COURT OF ITS JURISDICTION OVER THE SUBJECT MATTER OF PETITIONERS' COMPLAINT IN CIVIL CASE NO. 91-2721 BELOW.

B.

THE COURT OF APPEALS' RELIANCE ON THE CASE OF REPUBLIC VS. SANDIGANBAYAN, 240 SCRA 376 (1995), IS MISPLACED.

C.

THE COURT OF APPEALS' APPLICATION OF THE DOCTRINE OF CONCLUSIVENESS OF JUDGMENT IS ERRONEOUS.[32]

The Court's Ruling

The petition must fail.

The core issue before us is that of jurisdiction. In gist, petitioners argue that UHC was not sequestered, and even if it was sequestered, the trial court still has the jurisdiction to hear the case for rescission of contract or specific performance, and conclude that the doctrine of conclusiveness of judgment does not apply in the instant case.

Issue of Jurisdiction

Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case.[33] Jurisdiction over the subject matter is conferred by the Constitution or by law while jurisdiction over the person is acquired by his/her voluntary submission to the authority of the court or through the exercise of its coercive processes.

Jurisdiction over the res is obtained by actual or constructive seizure placing the property under the orders of the court.[34]

We are primarily concerned here with the first kind of jurisdiction, that is, jurisdiction over the subject matter.

Petitioners contend that even if UHC was indeed sequestered, jurisdiction over the subject matter of petitioners' Complaint for enforcement or rescission of contract between petitioners and respondents belonged to the RTC and not the Sandiganbayan. Petitioners cited *Philippine Amusement and Gaming Corporation v. Court of Appeals*,[35] involving *Philippine Casino Operators Corporation (PCOC)* which was sequestered on March 19, 1986. In said case, this Court held that the fact of sequestration alone did not automatically oust the RTC of jurisdiction to decide upon the question of ownership of the disputed gaming and office equipment as PCGG must be a party to the suit in order that the Sandiganbayan's exclusive jurisdiction may be correctly invoked, and as Section 2[36] of EO 14 was duly applied in *PCGG v. Peña*[37] and *PCGG v. Nepomuceno*,[38] which ineluctably spoke of respondent PCGG as a party-litigant.

Likewise, petitioners cited *Holiday Inn (Phils.), Inc. v. Sandiganbayan*,[39] which also involved a sequestered company, *New Riviera Hotel and Development Co., Inc. (NRHDCI)*, where this Court held that there is a distinction between an action for the recovery of ill-gotten wealth, as well as all incidents arising from, incidental to, or related to such cases, and cases filed by those who wish to question or challenge respondent PCGG's acts or orders in such cases vis-à-vis ordinary civil cases that do not pertain to the Sandiganbayan. As such, petitioners contend that the instant ordinary civil case for the enforcement or rescission of the 1978 contract between petitioners and respondents UHC and IRC is distinct from and has absolutely no bearing with the unrelated issue of the sequestration of respondents UHC and IRC. Thus, petitioners strongly contend that the trial court indeed had jurisdiction over the instant case. Besides, petitioners point out that PCGG was not impleaded as a defendant in Civil Case No. 91-2721, and that the Complaint "does not question the PCGG's alleged sequestration of respondent UHC x x x or any other act or order of the PCGG." [40]

Sandiganbayan has exclusive jurisdiction over the instant case

A rigorous examination of the antecedent facts and existing records at hand shows that Sandiganbayan has exclusive jurisdiction over the instant case.

Thus, the petition must fail for the following reasons:

First, it is a fact that the shares of stock of UHC and CDCP, the subject matter of Civil Case No. 91-2721 before the Makati City RTC, were also the subject matter of an ill-gotten wealth case, specifically Civil Case No. 0016 before the Sandiganbayan. In Civil Case No. 91-2721 of the Makati City RTC, petitioners prayed for a judgment either transferring the UHC shares or restoring and reconveying the PNCC shares to them. In the event a final judgment is rendered in said Makati City RTC case in favor of petitioners, then such adjudication tends to render moot and academic the judgment to be rendered in Sandiganbayan Civil Case No. 0016 considering that the legal ownership of either the UHC or PNCC shares would now be transferred to petitioners Rodolfo Cuenca and CIC. Such adverse judgment would run counter to the rights of ownership of the government over the UHC and PNCC shares in question. It must be remembered that on March 21, 1986, a Sworn Statement[41] executed by Mr. Jose Y. Campos in Vancouver, Canada, whereby Mr. Campos, a crony and close business associate of the deposed President Marcos, named and identified IRC and UHC (a wholly-owned subsidiary of IRC) as among the several corporations organized, established, and managed by him and other business associates for and in behalf of the former President Marcos. Subsequently, the UHC and IRC shares were surrendered and turned over by Mr. Campos to PCGG, transferring, in effect, the ownership of the shares to the Government.

Moreover, inasmuch as UHC was impleaded in Civil Case No. 0016 as a defendant and was listed among the corporations beneficially owned or controlled by petitioner Cuenca, the issue of the latter's right to acquire ownership of UHC shares is inexorably intertwined with the right of the Republic of the Philippines, through PCGG, to retain ownership of said UHC shares.

It must be borne in mind that the Sandiganbayan was created in 1978 pursuant to Presidential Decree No. (PD) 1606.[42] Said law has been amended during the interim period after the Edsa Revolution of 1986 and before the 1987 Constitution was drafted, passed, and ratified. Thus, the executive issuances during such period before the ratification of the 1987 Constitution had the force and effect of laws. Specifically, then President Corazon C. Aquino issued the following Executive Orders which amended PD 1606 in so far as the jurisdiction of the Sandiganbayan over civil and criminal cases instituted and prosecuted by the PCGG is concerned, viz:

- a) EO 1, entitled "Creating the Presidential Commission on Good Government," dated February 28, 1986;
- b) EO 2, entitled "Regarding the Funds, Moneys, Assets, and Properties Illegally Acquired or Misappropriated by Former President Ferdinand E. Marcos, Mrs. Imelda Romualdez Marcos, Their Close Relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees," dated March 12, 1986;
- c) EO 14, 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," dated May 7, 1986; and
- d) EO 14-A, entitled "Amending Executive Order No. 14," dated August 18, 1986.

Bearing on the jurisdiction of the Sandiganbayan over cases of ill-gotten wealth, EO 14, Secs. 1 and 2 provide:

SECTION 1. Any provision of the law to the contrary notwithstanding, the Presidential Commission on Good Government with the assistance of the Office of the Solicitor General and other government agencies, is hereby empowered to file and prosecute all cases investigated by it under Executive Order No. 1, dated February 28, 1986 and Executive Order No. 2, dated March 12, 1986, as may be warranted by its findings.

SECTION 2. The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof. (Emphasis supplied.)

Notably, these amendments had been duly recognized and reflected in subsequent amendments to PD 1606, specifically Republic Act Nos. 7975[43] and 8249.[44]

In the light of the foregoing provisions, it is clear that it is the Sandiganbayan and not the Makati City RTC that has jurisdiction over the disputed UHC and PNCC shares, being the alleged "ill-gotten wealth" of former President Ferdinand E. Marcos and petitioner Cuenca. The fact that the Makati City RTC civil case involved the performance of contractual obligations relative to the UHC shares is of no importance. The benchmark is whether said UHC shares are alleged to be ill-gotten wealth of the Marcoses and their perceived cronies. More importantly, the interests of orderly administration of justice dictate that all incidents affecting the UHC shares and PCGG's right of supervision or control over the UHC must be addressed to and resolved by the Sandiganbayan. Indeed, the law and courts frown upon split jurisdiction and the resultant multiplicity of suits, which result in much lost time, wasted effort, more expenses, and irreparable injury to the public interest.

Second, the UHC shares in dispute were sequestered by respondent PCGG. Sequestration is a provisional remedy or freeze order issued by the PCGG designed to prevent the disposal and dissipation of ill-gotten wealth.[45] The power to sequester property means to

place or cause to be placed under [PCGG's] possession or control said property, or any building or office

wherein any such property or any records pertaining thereto may be found, including business enterprises and entities, for the purpose of preventing the destruction of, and otherwise conserving and preserving the same, until it can be determined, through appropriate judicial proceedings, whether the property was in truth ill-gotten. (Silverio v. PCGG, 155 SCRA 60 [1987]).[46]

Considering that the UHC shares were already sequestered, enabling the PCGG to exercise the power of supervision, possession, and control over said shares, then such power would collide with the legal custody of the Makati City RTC over the UHC shares subject of Civil Case No. 91-2721. Whatever the outcome of Civil Case No. 91-2721, whether from enforcement or rescission of the contract, would directly militate on PCGG's control and management of IRC and UHC, and consequently hamper or interfere with its mandate to recover ill-gotten wealth. As aptly pointed out by respondents, petitioners' action is inexorably entwined with the Government's action for the recovery of ill-gotten wealth—the subject of the pending case before the Sandiganbayan. Verily, the transfer of shares of stock of UHC to petitioners or the return of the shares of stock of CDCP (now PNCC) will wreak havoc on the sequestration case as both UHC and CDCP are subject of sequestration by PCGG.

Third, Philippine Amusement and Gaming Corporation and Holiday Inn (Phils.), Inc.[47] are not analogous to the case at bar. The first dealt with ownership of gaming and office equipment, which is distinct from and will not impact on the sequestration issue of PCOC. The second dealt with an ordinary civil case for performance of a contractual obligation which did not in any way affect the sequestration proceeding of NRHDCI; thus, the complaint-in-intervention of Holiday Inn (Phils.), Inc. was properly denied for lack of jurisdiction over the subject matter.

In both cases cited by petitioners, there was a substantial distinction between the sequestration proceedings and the subject matter of the actions. This does not prevail in the instant case, as the ownership of the shares of stock of the sequestered companies, UHC and CDCP, is the subject matter of a pending case and thus addressed to the exclusive jurisdiction of the Sandiganbayan.

Sec. 2 of EO 14 pertinently provides: "The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof."

The above proviso has been squarely applied in Peña,[48] where this Court held that the exclusive jurisdiction conferred on the Sandiganbayan would evidently extend not only to the principal causes of action, that is, recovery of alleged ill-gotten wealth, but also to all incidents arising from, incidental to, or related to such cases, including a dispute over the sale of the shares, the propriety of the issuance of ancillary writs of relative provisional remedies, and the sequestration of the shares, which may not be made the subject of separate actions or proceedings in another forum. Indeed, the issue of the ownership of the sequestered companies, UHC and PNCC, as well as IRC's ownership of them, is undeniably related to the recovery of the alleged ill-gotten wealth and can be squarely addressed via the exclusive jurisdiction of the Sandiganbayan.

Fourth, while it is clear that the exclusive jurisdiction of the Sandiganbayan only encompasses cases where PCGG is impleaded, such requirement is satisfied in the instant case. The appellate court clearly granted PCGG's petition for certiorari in CA-G.R. SP No. 49686, assailing the trial court's denial of its Motion for Leave to Intervene with Motion to Dismiss. Thus, the trial court's April 20, 1998 Order was reversed and set aside by the appellate court through its assailed Decision. Consequently, PCGG was granted the right to intervene and thus became properly impleaded in the instant case. Without doubt, the trial court has no jurisdiction to hear and decide Civil Case No. 91-2721.

Respondent UHC duly sequestered by PCGG

The trial court ruled that respondent PCGG could not stop the transfer of the shares of respondent UHC in CDCP to petitioners as there was no proof of sequestration except a writ of sequestration of Cuenca's stocks in CDCP. On the other hand, petitioners contend that the appellate court's reliance on Republic[49] is misplaced. They point out that neither PCGG nor respondent corporations relied on said case. Besides, petitioners contend that the Court's statements in said case did not constitute a ruling but mere references to unproven allegations by PCGG in its complaint against Cuenca in Sandiganbayan Civil Case No. 0016; and as such, it cannot be relied upon to hold that UHC was a sequestered corporation. As it is, petitioners conclude that it was a mere obiter dictum which was not essential to the disposition of the aforecited case and thus, it is not binding upon the parties for purposes of res judicata or conclusiveness of judgment.

We are not moved by petitioners' submission.

While it may be true that in Republic, our statement on Civil Case No. 0016, as cited by PCGG, refers to the allegations in the complaint filed by PCGG against petitioner Cuenca,[50] we nonetheless stated in said case the fact of the sequestration of the assets and records of Rodolfo Cuenca, UHC, CIC, CDCP, San Mariano Mining Corp., etc. on May 23, 1986 and July 23, 1987. We took factual notice of the sequestration of various companies and properties in said case, thus:a

III. Orders of Sequestration issued by PCGG

During 1986 and 1987 numerous orders of sequestration, freezing or provisional takeover of companies or properties, real or personal, were issued and implemented. Among those were the orders handed out against the firms or assets hereunder listed, with the dates of sequestration, freezing or take-over, to wit:

SUBJECTS/OBJECTS OF SEQUESTRATION DATE

x x x x

i.

Assets and records of Rodolfo Cuenca, Universal Holdings Corp., Cuenca Investment Corporation, Philippine National Construction Corp. (formerly CDCP), San Mariano Mining Corp., etc.[51]

May 23, 1986,
July 23, 1987

From the foregoing account, we concluded that UHC had indeed been sequestered by the PCGG in 1986 and 1987. Consequently, the appellate court properly applied Republic as basis for its finding that UHC was a sequestered company. Since the issue of sequestration has been resolved, we see no need to delve into the issue of conclusiveness of judgment. Suffice it to say that with the unequivocal finding that UHC was indeed sequestered, then it is the Sandiganbayan, not the Makati City RTC, that has exclusive jurisdiction over the subject matter of Civil Case No. 91-2721.

WHEREFORE, the instant petition is DISMISSED for lack of merit. The January 6, 2003 Decision and July 15, 2003 Resolution of the CA in CA-G.R. CV No. 60338 and CA-G.R. SP No. 49686 are AFFIRMED IN TOTO. No costs.

SO ORDERED.

Carpio-Morales, (Acting Chairperson), Tinga, Puno, C.J., and Ynares-Santiago, JJ., concur.

* As per September 3, 2007 raffle.

[1] Rollo, pp. 72-83. The Decision was penned by Associate Justice Mario L. Guariña III and concurred in by Associate Justices Godardo A. Jacinto (Chairperson) and Martin S. Villarama, Jr.

[2] Rodolfo M. Cuenca and Cuenca Investment Corp. v. Independent Realty Corp. and Universal Holdings Corp.

[3] Presidential Commission on Good Government (PCGG) v. Hon. Fernando V. Gorospe, as Presiding Judge, RTC of Makati City, Branch 61, et al.

[4] Rollo, pp. 84-85.

[5] Id. at 394-406.

[6] Id. at 86-99.

[7] Id. at 108-117.

[8] Id. at 118-121.

[9] Id. at 35.

[10] Id. at 135-138.

[11] Id. at 139-142 (UHC) & 143-145 (IRC).

[12] Id. at 146-149.

[13] Id. at 150-152.

[14] Id. at 153.

[15] Id. at 154.

[16] Id. at 155-160.

[17] SEC. 5. Failure of party to attend or serve answers.—If a party or an officer or managing agent of a party willfully fails to appear before the officer who is to take his deposition, after being served with a proper notice, or fails to answer to interrogatories submitted under Rule 25 after proper service of such interrogatories, the court on motion and notice, may strike out all or any part of any pleading of that party, or dismiss the action or proceeding or any part thereof, or enter a judgment by default against that party, and in its discretion, order him to pay reasonable expenses incurred by the other, including attorney's fees (emphasis supplied).

[18] Rollo, pp. 161-164 & 165-168, respectively.

[19] Id. at 169-170.

[20] Id. at 192.

[21] Id. at 171-179.

[22] Id. at 300-302.

[23] Id. at 201-212.

[24] Id. at 309; per Judge Fernando V. Gorospe, Jr.

[25] Id. at 310-312.

[26] Id. at 313.

[27] “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.”

[28] G.R. No. L-77663, April 12, 1988, 159 SCRA 556.

[29] G.R. Nos. 96073, 104065, 104167, 104168, 104679, 104850, 104883, 105170, 105205, 105206, 105711-12, 105808, 105809, 105850, 106176, 106765, 107233, 107908, 109314, & 109592, January 23, 1995, 240 SCRA 376.

[30] Rollo, pp. 394-406.

[31] Supra note 4.

[32] Rollo, p. 45.

[33] Zamora v. Court of Appeals, G.R. No. 78206, March 19, 1990, 183 SCRA 279, 283; citations omitted.

[34] Id. at 284; citing Banco Español Filipino v. Palanca, 37 Phil. 921 (1918).

[35] G.R. No. 108838, July 14, 1997, 275 SCRA 433.

[36] SEC. 2. The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof.

[37] Supra note 28.

[38] G.R. No. 78750, April 20, 1990, 184 SCRA 449.

[39] G.R. No. 85576, June 8, 1990, 186 SCRA 447.

[40] Rollo, pp. 57-58.

[41] Id. at 421-428.

[42] “Revising Presidential Decree No. 1486 Creating a Special Court to be Known as ‘Sandiganbayan’ and for other Purposes,” (1978).

[43] “An Act Strengthening the Functional and Structural Organization of the Sandiganbayan, Amending for that Purpose Presidential Decree No. 1606, as Amended,” (1995).

[44] “An Act Further Defining the Jurisdiction of the Sandiganbayan, Amending for the Purpose Presidential Decree No. 1606, as Amended, Providing Funds Therefor, and for Other Purposes,” (1997).

[45] Republic v. Sandiganbayan, G.R. No. 92376, August 12, 1991, 200 SCRA 530, 536-537.

[46] R. Agpalo, AGPALO’S LEGAL WORDS AND PHRASES 688 (1997).

[47] Supra notes 35 & 39.

[48] Supra note 28.

[49] Supra note 29.

[50] Id. at 405.

[51] Id. at 391-393.

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