

## **EN BANC**

**[ G.R. No. 188760, June 30, 2020 ]**

**THE COMMISSION ON AUDIT, REPRESENTED BY ITS CHAIRMAN, THE BUREAU OF INTERNAL REVENUE, REPRESENTED BY ITS COMMISSIONER, AND THE BUREAU OF CUSTOMS, REPRESENTED BY ITS COMMISSIONER, PETITIONERS, VS. HON. SILVINO T. PAMPILO, JR., IN HIS CAPACITY AS PRESIDING JUDGE OF THE REGIONAL TRIAL COURT, MANILA, BRANCH 26, SOCIAL JUSTICE SOCIETY AND VLADIMIR ALARIQUE T. CABIGAO, RESPONDENTS;**

**PANGKALAHATANG SANGGUNIAN MANILA AND SUBURBS DRIVER'S ASSOCIATION NATIONWIDE (PASANG MASDA), INCORPORATED, RESPONDENT-INTERVENOR;**

**PILIPINAS SHELL PETROLEUM CORPORATION, CALTEX PHILIPPINES, INC., AND PETRON CORPORATION, NECESSARY PARTIES.**

**[G.R. No. 189060]**

**CHEVRON PHILIPPINES, INC., PETITIONER, VS. HON. SILVINO T. PAMPILO, JR., PRESIDING JUDGE, REGIONAL TRIAL COURT OF MANILA, BRANCH 26, SOCIAL JUSTICE SOCIETY AND VLADIMIR ALARIQUE T. CABIGAO, RESPONDENTS;**

**PANGKALAHATANG SANGGUNIAN MANILA AND SUBURBS DRIVER'S ASSOCIATION NATIONWIDE (PASANG MASDA), INCORPORATED, RESPONDENT-INTERVENOR;**

**[G.R. No. 189333]**

**PETRON CORPORATION, PETITIONER, VS. HON. SILVINO T. PAMPILO, JR., SOCIAL JUSTICE SOCIETY, VLADIMIR ALARIQUE T. CABIGAO, AND PANGKALAHATANG SANGGUNIAN MANILA AND SUBURBS DRIVERS ASSOCIATION NATIONWIDE, INC. (PASANG MASDA), RESPONDENTS.**

## **D E C I S I O N**

**HERNANDO, J.:**

Before this Court are Consolidated Petitions for *Certiorari*<sup>[1]</sup> filed under Rule 65 of the Rules of Court assailing the Orders issued by the Regional Trial Court (RTC) of Manila, Branch 26, in Civil Case No. 03-106101, on the following dates: April 27, 2009,<sup>[2]</sup> May 5, 2009,<sup>[3]</sup> June 23, 2009<sup>[4]</sup> and July 7, 2009<sup>[5]</sup> (collectively referred to as the Assailed Orders).

## ***Factual Antecedents***

The material and relevant facts are as follows:

On March 21, 2003, private respondent Social Justice Society (SJS), a political party duly registered with the Commission of Elections, filed with the RTC of Manila, a Petition for Declaratory Relief,<sup>[6]</sup> docketed as Civil Case No. 03-106101, against Pilipinas Shell Petroleum Corporation (Shell); Caltex Philippines, Inc. (Caltex), and Petron Corporation (Petron), collectively referred to as the "Big 3." In its Petition, private respondent SJS raised as an issue the oil companies' business practice of increasing the prices of their petroleum products whenever the price of crude oil increases in the world market despite the fact that they had purchased their inventories at a much lower price long before the increase. SJS argued that such practice constitutes monopoly and combination in restraint of trade, prohibited under Article 186<sup>[7]</sup> of the Revised Penal Code (RPC). SJS likewise contended that the acts of these oil companies of increasing the prices of its oil products whenever their competitors increase their prices fall under the term "combination or concerted action" used in Section 11 (a)<sup>[8]</sup> of Republic Act (RA) No. 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998 (Approved on February 10, 1998). The Petition was later amended to include private respondent Atty. Vladimir Alarique T. Cabigao (Cabigao), a member of private respondent SJS, as an additional petitioner to the case.<sup>[9]</sup>

The Big 3 separately moved for the dismissal of the case on the grounds of lack of legal standing, lack of cause of action, lack of jurisdiction, and failure to exhaust administrative remedies.<sup>[10]</sup>

On December 17, 2003, public respondent RTC issued an Order<sup>[11]</sup> denying the motions to dismiss and directing the parties to refer the matter to the Joint Task Force of the Department of Energy (DOE) and Department of Justice (DOJ) pursuant to Section 11 of RA 8479. In the meantime, public respondent RTC ordered the suspension of the proceedings.

Chevron sought reconsideration but public respondent RTC denied the same in its June 30, 2004 Order.<sup>[12]</sup>

Thereafter, the DOE-DOJ Joint Task Force submitted its Report<sup>[13]</sup> finding no clear evidence that the Big 3 violated Article 186 of the RPC or Section 11 (a) of RA 8479. Based on the said report, the Big 3 orally moved for the dismissal of the case.<sup>[14]</sup> Private respondents, on the other hand, moved to open and examine the books of account of the Big 3 to enable the court to determine whether Section 11 (a) of RA 8479 had been violated.<sup>[15]</sup>

## ***Ruling of the Regional Trial Court***

On April 27, 2009, public respondent RTC issued the first assailed Order, which resolved to:

- (1) deny the motions to dismiss of the Big 3;

- (2) grant private respondents' motion to open and examine the books of accounts of the Big 3; and
- (3) order the Commission on Audit (COA), Bureau of Internal Revenue (BIR), and the Bureau of Customs (BOC) to open and examine the books of accounts of the Big 3.

The dispositive portion of the Order reads:

IN VIEW OF THE FOREGOING, the Motion[s] to Dismiss [are] hereby DENIED and Motion for the Opening and Examination of the Books of Account of the [Big 3] is hereby GRANTED. Accordingly, the [COA], [BIR], and [BOC] are hereby ordered to open and examine the cash receipts, cash disbursement books, the purchase orders on the petroleum products, delivery receipts, sales invoices and other related documents on the purchases of the petroleum products covering the period January 2003 to December 2003. The three government agencies are hereby ordered to take necessary actions to comply with the Order of this Court.

Furnish copy of this Order to the [COA], [BIR], and [BOC].

SO ORDERED.<sup>[16]</sup>

The Big 3 separately sought reconsideration.<sup>[17]</sup> Private respondents, on the other hand, moved<sup>[18]</sup> for the production of records and the inclusion of private respondent Cabigao as part of the team that would open and examine the books of accounts of the Big 3.

On May 5, 2009, public respondent RTC issued the second assailed Order, directing the Chairman of COA and the Commissioners of the BIR and the BOC to form a panel of examiners to conduct an examination of the books of accounts of the Big 3 and to submit a report thereon within three (3) months from receipt of the Order.<sup>[19]</sup>

Though not parties to the case, the COA, the BIR, and the BOC, through the Office of the Solicitor General (OSG), were constrained to file a Motion for Reconsideration<sup>[20]</sup> of the April 27 and May 5, 2009 Orders on the ground that the order of examination is unwarranted and beyond their respective jurisdictions.

Meanwhile, private respondent-intervenor *Pangkalahatang Sanggunian Manila and Suburbs Drivers' Association Nationwide* (Pasang Masda), Inc. filed a Motion for Intervention with attached Petition-in-Intervention,<sup>[21]</sup> which the Big 3 opposed.

On June 23, 2009, public respondent RTC issued the third assailed Order, granting *Pasang Masda's* Motion for Intervention and thereby admitting its Petition-in-Intervention.<sup>[22]</sup>

On July 7, 2009, the RTC issued the fourth assailed Order denying the motions for reconsideration of the Big 3 and the OSG and granting private respondents' motion to include private respondent Cabigao as part of the panel of examiners.<sup>[23]</sup> Public respondent RTC stood pat on its April 27, 2009 Order citing the doctrine of *parens patriae*.<sup>[24]</sup>

A few days later, on July 24, 2009, the RTC, acting on the manifestation of private respondents that the government agencies have not acted to comply with its order, directed the COA, the BIR, and the BOC to explain within 72 hours from notice why they should not be cited in contempt for failure to comply.<sup>[25]</sup>

After the lapse of the 72-hour period, private respondents moved for the issuance of a warrant of arrest against the Chairman of COA and the Commissioners of the BIR and BOC for their refusal to obey the orders of the RTC.<sup>[26]</sup> Accordingly, the RTC issued an Order<sup>[27]</sup> giving the Chairman of COA and the Commissioners of the BIR and BOC five (5) days from receipt of the notice within which to file a comment or opposition to the motion for the issuance of a warrant of arrest against them.

Left with no other recourse, the COA, represented by its Chairman, the BIR and the BOC, represented by their respective Commissioners, through the OSG, filed before this Court, on July 31, 2009, a Petition for *Certiorari* with Application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction,<sup>[28]</sup> docketed as G.R. No. 188760, assailing the April 27 and May 5, 2009 Orders of the public respondent RTC. Direct resort to this Court was made because the issues raised were purely legal, which is an exception to the doctrine of hierarchy of courts.

Finding the application for TRO meritorious, this Court on August 4, 2009 issued a TRO,<sup>[29]</sup> enjoining the implementation of the April 27 and May 5, 2009 Orders of public respondent RTC.

Chevron and Petron followed suit and filed with this Court their respective petitions for *certiorari*. Chevron filed a Petition for *Certiorari* and Prohibition with Application for TRO and/Writ of Preliminary Injunction with Motion for Consolidation,<sup>[30]</sup> docketed as G.R. No. 189060, assailing the April 27 and July 7, 2009 Orders while Petron filed a Petition for *Certiorari* (with prayer for issuance of TRO and/or Writ of Preliminary Injunction),<sup>[31]</sup> docketed as G.R. No. 189333, assailing the April 27, June 23, and July 7, 2009 Orders of public respondent RTC. Both Petitions were consolidated with G.R. No. 188760.<sup>[32]</sup>

Shell, on the other hand, filed with the Court of Appeals (CA) a Petition for *Certiorari* with prayer for the issuance of a TRO and/or a writ of preliminary injunction, docketed as CA-G.R. SP No. 110050,<sup>[33]</sup> assailing the April 27, June 23, and July 7, 2009 Orders of public respondent RTC.

On August 6, 2010, the CA rendered a Decision<sup>[34]</sup> on the Petition for *Certiorari*, docketed as CA-G.R. SP No. 110050. Finding grave abuse of discretion on the part of public respondent RTC, the CA reversed and set aside the April 27, June 23, and July 7, 2009 Orders, and ordered the dismissal of the case for declaratory relief for lack of cause of action. The appellate court, in essence, opined that the issues raised by private respondents cannot be made subject of an action for declaratory relief. As to the propriety of the intervention of *Pasang Masda*, it ruled that *Pasang Masda* had no legal interest in the matter.

Aggrieved, private respondents sought to have the August 6, 2010 Decision reconsidered. However, having been informed of the existence of G.R. No. 188760

assailing the same Orders of public respondent RTC, the CA resolved in its November 12, 2010 Resolution<sup>[35]</sup> to defer any action on the case.

On June 4, 2013, this Court issued a Resolution<sup>[36]</sup> directing the CA to resolve the pending motion for reconsideration in CA-G.R. SP No. 110050 with dispatch and to inform the Court of whatever action it may take thereon.

In compliance with this Court's directive, on August 6, 2013, the CA issued a Resolution<sup>[37]</sup> denying the Motion for Reconsideration filed by private respondents.

### ***Issues***

Hence, the instant consolidated Petitions, raising the following issues:

In G.R. No. 188760, the OSG contends that public respondent RTC gravely abused [its] discretion in that:

#### **I.**

[It] ordered [the COA, the BIR, and the BOC] to do a patently ultra vires act, directing COA to audit beyond its constitutional mandate and directing BIR and BOC to examine outside their statutory powers.

#### **II.**

[It] invoked *parens patriae* and Rule 27 on Production or Inspection of Documents in [its] compulsory designation of COA, BIR and BOC as anti-trust auditors while usurping the authority of the [DOE-DOJ Joint] Task Force created by the Oil Deregulation Law for anti-trust monitoring.

#### **III.**

[It] disregarded Due Process, to enforce [its] void orders, by threatening COA, BIR, and BOC with contempt despite lack of notice and being non-parties to the case.<sup>[38]</sup>

In G.R. No. 189060, Chevron interposes the following issues:

I. WHETHER [PRIVATE RESPONDENTS'] PETITION IN CIVIL CASE NO. 03-106101:

(i) RAISES A JUSTICIABLE CONTROVERSY OR ACTUAL CASE THAT IS RIPE FOR JUDICIAL DETERMINATION; AND

(ii) REQUIRES EXERCISE OF POWER AND AUTHORITY BEYOND THE SCOPE OF THE "JUDICIAL POWER" OF COURTS AS PROVIDED UNDER THE CONSTITUTION;

II. WHETHER THE [PUBLIC RESPONDENT RTC] OF MANILA HAS JURISDICTION TO CONDUCT A PRELIMINARY INVESTIGATION ON WHETHER PLAYERS IN THE DOWNSTREAM OIL INDUSTRY HAVE