

SECOND DIVISION

[G.R. No. 154560, July 13, 2010]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, VS.
SANDIGANBAYAN (SECOND DIVISION), TERNATE DEVELOPMENT
CORPORATION, FANTASIA FILIPINA RESORTS, INC., MONTE SOL
DEVELOPMENT CORPORATION, OCEAN VILLAS CONDOMINIUM
CORPORATION, OLAS DEL MAR DEVELOPMENT CORPORATION,
PHILIPPINE VILLAGE HOTEL, PHILROAD CONSTRUCTION
CORPORATION, PUERTO AZUL BEACH AND COUNTRY CLUB, INC.,
SILAHIS INTERNATIONAL HOTEL, SULO DOBBS FOOD SERVICES,
INC., NOTION AND POTIONS, INC., AND SUN AND SHADE
MERCHANDISE, INC., RESPONDENTS.**

D E C I S I O N

ABAD, J.:

This case is about the propriety of amending a complaint for recovery of alleged ill-gotten wealth by impleading corporate entities already listed down in the original complaint as assets and shell corporations of the defendant individuals.

The Facts and the Case

From 1986 to 1988, the Presidential Commission on Good Government (PCGG) issued various sequestration orders against the assets, records, and documents of several corporations owned by Modesto Enriquez, Trinidad Diaz-Enriquez, Rebecca Panlilio, Erlinda Enriquez-Panlilio, Leandro Enriquez, Don M. Ferry, Roman A. Cruz, Jr., and Gregorio R. Castillo (collectively the Enriquez group), all of whom were alleged associates of the spouses Ferdinand and Imelda Marcos. The corporations were:

Corporation	Date of Sequestration
Philippine Village Hotel (Philippine Village) Philroad Construction Corporation (Philroad)	June 6, 1986 ^[1]
Silahis International Hotel (Silahis) Fantasia Filipina Resorts, Inc. (Fantasia) Monte Sol Development Corporation (Monte Sol) Olas del Mar Development Corporation (Olas del Mar)	May 31, 1986 ^[2]

Puerto Azul Beach and Country
Club, Inc.
(Puerto Azul)
Ternate Development
Corporation (Ternate)

March 10, 1986

and April 4, 1988.^[3]

On July 23, 1987 petitioner Republic of the Philippines (the Government), through the PCGG, filed a complaint^[4] with the Sandiganbayan against former President Marcos, his wife Imelda, and the Enriquez group of individuals for reconveyance, reversion, accounting, restitution, and damages, in Civil Case 0014. Annexed to the complaint was a list of corporations where the individual defendants allegedly owned shares of stock.^[5] The list included the above-named respondent corporations and, in addition, respondents Notions and Potions, Inc. (Notions and Potions), Ocean Villas Condominium Corp. (Ocean Villas), Sulo Dobbs Food Services (Sulo Dobbs), and Sun and Shade Merchandise, Inc. (Sun and Shade), among others.

In October 1991 the Government moved for the admission of an amended complaint^[6] in Civil Case 0014 to implead respondent corporations, except for Notions and Potions and Sun and Shade, as defendants. It alleged that the corporations were beneficially owned or controlled by the individual defendants and that the latter used them as fronts to defeat public convenience, protect fraudulent schemes, or evade obligations and liabilities under the law.

Meantime, respondents Silahis, Philippine Village, and Ternate separately challenged the sequestration orders that the PCGG earlier issued against them. They filed petitions for prohibition with application for a writ of preliminary injunction before the Sandiganbayan, alleging that no judicial action had been filed against them within six months from the ratification of the Constitution or from the issuance of the sequestration orders as required under Section 26,^[7] Article XVIII of the Constitution. The Sandiganbayan issued a writ of preliminary injunction.^[8]

The Government elevated the matter to this Court through *certiorari* in G.R. 104065, 104168, and 105205. Acting on these cases and several others, the Court in *Republic of the Philippines v. Sandiganbayan*^[9] set aside the writ of injunction. It held that the corporations need not be formally impleaded to maintain the existing sequestrations. Moreover, a complaint which identified and alleged that the corporations served as repositories of ill-gotten wealth may be considered a judicial action as contemplated in the Constitution. Lastly, the Court said that even assuming the corporations had to be impleaded, the complaints could be amended at any time during the pendency of the actions.^[10]

Here, the Sandiganbayan eventually admitted the amended complaint in Civil Case 0014.^[11] Respondents Ternate, Monte Sol, and Olas del Mar then filed a motion to dismiss and to lift sequestration.^[12] Citing the *Republic* case, they claimed that they did not have to be impleaded as defendants and that the Government had no cause of action against them. They also sought a hearing that would require the Government to present *prima facie* evidence that would justify their sequestration and, in its absence, that the sequestration orders be deemed automatically lifted.

Respondents Fantasia, Silahis, Philippine Village, Philroad, Puerto Azul, Sulo Dobbs, and Ocean Villas later followed suit and filed a similar motion.^[13] In addition, respondents Philippine Village, Silahis, Monte Sol, Ternate, Sulo Dobbs, Fantasia, Puerto Azul, Ocean Villas, Notions and Potions, and Sun and Shade filed separate motions for the issuance of temporary restraining orders and preliminary injunctions to prevent the implementation of the sequestration orders against them.

On February 7, 2002 the Sandiganbayan granted the motions to dismiss.^[14] Citing the *Republic* case, it held that impleading the corporations as defendants was unnecessary. The Government filed a motion for reconsideration but the Sandiganbayan denied the same, further pointing out that the amended complaint stated no cause of action against the defendant corporations. It also lifted the orders of sequestration against them.^[15] Aggrieved, the Government filed this petition for *certiorari* under Rule 65 of the Rules of Court.

With the filing of the petition, the Sandiganbayan in Civil Case 0014 allowed the postponement of pre-trial hearings in deference to this Court. But since the Court did not issue a temporary restraining order, the Sandiganbayan resumed hearings in the case on October 1, 2007. But the Government failed to appear despite due notice. Consequently, the Sandiganbayan dismissed the case against the remaining individual defendants without prejudice.^[16]

The Issues Presented

The threshold issue presented in this case is whether or not the present petition for *certiorari* under Rule 65 is the proper remedy in assailing the resolutions of the Sandiganbayan.

The substantive issues are:

1. Whether or not the Sandiganbayan gravely abused its discretion in dismissing the complaint against respondent corporations on the grounds that there was no need for it and that the amendment did not state a cause of action against such corporations; and
2. Whether or not the Sandiganbayan gravely abused its discretion in lifting the sequestration orders against the subject corporations.

The Court's Rulings

One. With respect to the threshold issue, the Government clearly availed itself of the wrong remedy in filing this special civil action of *certiorari* under Rule 65 of the Rules of Court. An order of dismissal is a final order,^[17] which is the proper subject of an appeal through a petition for review. Where appeal is available, the special civil action of *certiorari* will not be entertained even if it is filed on ground of grave abuse of discretion as in this case. The remedies of appeal and special civil action of *certiorari* are mutually exclusive. One cannot take the place of the other.^[18] And, while there are known exceptions to this rule, none has been shown here.

At any rate, even if the procedural flaw is disregarded, the Court finds that the

Sandiganbayan committed no grave abuse of discretion in dismissing the complaint and lifting the sequestration orders against respondent corporations.

Two. For an act to be struck down as having been done with grave abuse of discretion, such abuse must be patent and gross, a screaming aberration, to use a phrase. The Sandiganbayan's dismissal of the complaint as against respondent corporations cannot be regarded as falling in this category. For one thing, the Sandiganbayan merely relied on this Court's ruling in the *Republic* case that impleading corporations, which are alleged to have been capitalized with ill-gotten wealth, is unnecessary since judgment may be rendered against the individual defendants, divesting them of their shares of stock.^[19]

In the more recent case of *Universal Broadcasting Corporation v. Sandiganbayan (5th Division)*,^[20] the Court again said that when corporations are organized with ill-gotten wealth but are not themselves guilty of wrongdoing and are merely the *res* of the actions, there is no need to implead them. Judgment may simply be directed against the shares of stock that were issued in consideration of ill-gotten wealth.^[21]

Nor did the Sandiganbayan gravely abuse its discretion when it dismissed the complaint against respondent corporations on the ground that it stated no cause of action against them. A cause of action has three elements: 1) plaintiff's right under the law; (2) the defendant's obligation to abide by such right; and (3) defendant's subsequent violation of the same that entitles the plaintiff to sue for recompense.^[22] The complaint makes no allegations that respondent corporations have done some acts that have violated a right vested by law in the Government.

Indeed, the amended complaint states that it is a civil action against the individual defendants for their alleged 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.^[23] Here, the Government makes no allegations that respondent corporations as such committed these acts.

The Government claims that its Answer to Interrogatories^[24] enumerates the documentary evidence it intended to use to prove its case against the corporations. But the Government cannot prove more than it alleged in its complaint. Its Answer to Interrogatories is not part of its complaint. Besides, the evidence described in that document referred to alleged anomalous transfers and sales of shares of stock by the individual defendants. The document does not refer to corporate acts.

Three. The Government argues that, assuming the dismissal of the complaint as to respondent corporations was justified, the Sandiganbayan did not have to lift the sequestration orders against them. But, while it is true that impleading respondent corporations is not necessary for maintaining the sequestration orders already issued against them, such sequestration orders should still be quashed for an altogether another reason. The April 11, 1986 PCGG Rules and Regulations required the signatures of at least two commissioners on a sequestration order.^[25] The Court has held that the two signatures are the best evidence of the Commission's approval; otherwise, the order is as in this case null and void.^[26]