

SECOND DIVISION

[G.R. NOS. 111202-05, January 31, 2006]

COMMISSIONER OF CUSTOMS, PETITIONER VS. THE COURT OF APPEALS; HONORABLE ARSENIO M. GONONG, PRESIDING JUDGE REGIONAL TRIAL COURT, MANILA, BRANCH 8; HONORABLE MAURO T. ALLARDE, PRESIDING JUDGE, REGIONAL TRIAL COURT KALOOKAN CITY, BRANCH 123; AMADO SEVILLA AND ANTONIO VELASCO, SPECIAL SHERIFFS OF MANILA; JOVENAL SALAYON, SPECIAL SHERIFF OF KALOOKAN CITY, DIONISIO J.CAMANGON, EX-DEPUTY SHERIFF OF MANILA AND CESAR S. URBINO, SR., DOING BUSINESS UNDER THE NAME AND STYLE DURAPROOF SERVICES, RESPONDENTS

D E C I S I O N

AZCUNA, J.:

These Petitions for Certiorari and Prohibition, with Prayers for a Writ of Preliminary Injunction and/or Temporary Restraining Order, are the culmination of several court cases wherein several resolutions and decisions are sought to be annulled. Petitioner Commissioner of Customs specifically assails the following:

- A) Decision of the Regional Trial Court (RTC) of Manila dated February 18, 1991 in Civil Case No. 89-51451;
- B) Order of the RTC of Kalookan dated May 28, 1991 in Special Civil Case No. C-234;
- C) Resolution of the Court of Appeals (CA) dated March 6, 1992 in CA-G.R. SP No.24669;
- D) Resolution of the CA dated August 6, 1992 in CA-G.R. SP No. 28387;
- E) Resolution of the CA dated November 10, 1992 in CA-G.R. SP No. 29317;
- F) Resolution of the CA dated May 31, 1993 in CA-G.R. No. CV-32746; and
- G) Decision of the CA dated July 19, 1993 in the consolidated petitions of CA-G.R. SP Nos. 24669, 28387 and 29317.

Petitioner also seeks to prohibit the CA and the RTC of Kalookan^[1] from further acting in CA-G.R. CV No. 32746 and Civil Case No. 234, respectively.

The whole controversy revolves around a vessel and its cargo. On January 7, 1989,

the vessel M/V "Star Ace," coming from Singapore laden with cargo, entered the Port of San Fernando, La Union (SFLU) for needed repairs. The vessel and the cargo had an appraised value, at that time, of more or less Two Hundred Million Pesos (P200,000,000). When the Bureau of Customs later became suspicious that the vessel's real purpose in docking was to smuggle its cargo into the country, seizure proceedings were instituted under S.I. Nos. 02-89 and 03-89 and, subsequently, two Warrants of Seizure and Detention were issued for the vessel and its cargo.

Respondent Cesar S. Urbino, Sr., does not own the vessel or any of its cargo but claimed a preferred maritime lien under a Salvage Agreement dated June 8, 1989. To protect his claim, Urbino initially filed two motions in the seizure and detention cases: a Motion to Dismiss and a Motion to Lift Warrant of Seizure and Detention.^[2] Apparently not content with his administrative remedies, Urbino sought relief with the regular courts by filing a case for Prohibition, Mandamus and Damages before the RTC of SFLU^[3] on July 26, 1989, seeking to restrain the District Collector of Customs from interfering with his salvage operation. The case was docketed as Civil Case No. 89-4267. On January 31, 1991 the RTC of SFLU dismissed the case for lack of jurisdiction because of the pending seizure and detention cases. Urbino then elevated the matter to the CA where it was docketed as CA-G.R. CV No. 32746. The Commissioner of Customs, in response, filed a Motion to Suspend Proceedings, advising the CA that it intends to question the jurisdiction of the CA before this Court. The motion was denied on May 31, 1993. Hence, in this petition the Commissioner of Customs assails the Resolution "F" recited above and seeks to prohibit the CA from continuing to hear the case.

On January 9, 1990, while Civil Case No. 89-4267 was pending, Urbino filed another case for Certiorari and Mandamus with the RTC of Manila, presided by Judge Arsenio M. Gonong,^[4] this time to enforce his maritime lien. Impleaded as defendants were the Commissioner of Customs, the District Collector of Customs, the owners of the vessel and cargo, Vlason Enterprises, Singkong Trading Company, Banco do Brazil, Dusit International Company Incorporated, Thai-Nam Enterprises Limited, Thai-United Trading Company Incorporated and Omega Sea Transport Company, and the vessel M/V "Star Ace." This case was docketed as Civil Case No. 89-51451. The Office of the Solicitor General filed a Motion to Dismiss on the ground that a similar case was pending with the RTC of SFLU. The Motion to Dismiss was granted on July 2, 1990, but only insofar as the Commissioner of Customs and the District Collector were concerned. The RTC of Manila proceeded to hear the case against the other parties and received evidence ex parte. The RTC of Manila later rendered a decision on February 18, 1991 finding in favor of Urbino (assailed Decision "A" recited above).

Thereafter, on March 13, 1991, a writ of execution was issued by the RTC of Manila. Respondent Camangon was appointed as Special Sheriff to execute the decision and he issued a notice of levy and sale against the vessel and its cargo. The Commissioner of Customs, upon learning of the notice of levy and sale, filed with the RTC of Manila a motion to recall the writ, but before it could be acted upon, Camangon had auctioned off the vessel and the cargo to Urbino for One Hundred and Twenty Million Pesos (P120,000,000). The following day, Judge Gonong issued an order commanding Sheriff Camangon to cease and desist from implementing the writ. Despite the order, Camangon issued a Certificate of Sale in favor of Urbino. A week later, Judge Gonong issued another order recalling the writ of execution. Both

cease and desist and recall orders of Judge Gonong were elevated by Urbino to the CA on April 12, 1991 where it was docketed as CA-G.R. SP No. 24669. On April 26, 1991, the CA issued a Temporary Restraining Order (TRO) enjoining the RTC of Manila from enforcing its cease and desist and recall orders. The TRO was eventually substituted by a writ of preliminary injunction. A motion to lift the injunction was filed by the Commissioner of Customs but it was denied. Hence, in this petition the Commissioner of Customs assails Resolution "C" recited above.

On May 8, 1991, Urbino attempted to enforce the RTC of Manila's decision and the Certificate of Sale against the Bureau of Customs by filing a third case, a Petition for Certiorari, Prohibition and Mandamus with the RTC of Kalookan.^[5] The case was docketed as Civil Case No. 234. On May 28, 1991, the RTC of Kalookan ordered the issuance of a writ of preliminary injunction to enjoin the Philippine Ports Authority and the Bureau of Customs from interfering with the relocation of the vessel and its cargo by Urbino (assailed Order "B" recited above).

Meanwhile, on June 5, 1992, Camangon filed his Sheriff's Return with the Clerk of Court. On June 26, 1992, the Executive Judge for the RTC of Manila, Judge Bernardo P. Pardo,^[6] having been informed of the circumstances of the sale, issued an order nullifying the report and all proceedings taken in connection therewith. With this order Urbino filed his fourth case with the CA on July 15, 1992, a Petition for Certiorari, Prohibition and Mandamus against Judge Pardo. This became CA-G.R. SP No. 28387. The CA issued a Resolution on August 6, 1992 granting the TRO against the Executive Judge to enjoin the implementation of his June 26, 1992 Order. Hence, in this petition the Commissioner of Customs assails Resolution "D" recited above.

Going back to the seizure and detention proceedings, the decision of the District Collector of Customs was to forfeit the vessel and cargo in favor of the Government. This decision was affirmed by the Commissioner of Customs. Three appeals were then filed with the Court of Tax Appeals (CTA) by different parties, excluding Urbino, who claimed an interest in the vessel and cargo. These three cases were docketed as CTA Case No. 4492, CTA Case No. 4494 and CTA Case No. 4500. Urbino filed his own case, CTA Case No. 4497, but it was dismissed for want of capacity to sue. He, however, was allowed to intervene in CTA Case No. 4500. On October 5, 1992, the CTA issued an order authorizing the Commissioner of Customs to assign customs police and guards around the vessel and to conduct an inventory of the cargo. In response, on November 3, 1992, Urbino filed a fifth Petition for Certiorari and Prohibition with the CA to assail the order as well as the jurisdiction of the Presiding Judge and Associate Judges of the CTA in the three cases. That case was docketed as CA G.R. SP No. 29317. On November 10, 1992, the CA issued a Resolution reminding the parties that the vessel is under the control of the appellate court in CA-G.R. SP No. 24669 (assailed Resolution "E" recited above).

CA-G.R. SP Nos. 24669, 28387 and 29317 were later consolidated and the CA issued a joint Decision in July 19, 1993 nullifying and setting aside: 1) the Order recalling the writ of execution by Judge Gonong of the the RTC of Manila; 2) the Order of Executive Judge Pardo of the RTC of Manila nullifying the Sheriff's Report and all proceedings connected therewith; and 3) the October 19, 1993 Order of the CTA, on the ground of lack of jurisdiction. Hence, in these petitions, which have been consolidated, the Commissioner of Customs assails Decision "G" recited above.

For purposes of deciding these petitions, the assailed Decisions and Resolutions will be divided into three groups:

1. The Resolution of the CA dated May 31, 1993 in CA-G.R. No. CV-32746 with the additional prayer to enjoin the CA from deciding the said case.
2. The Order of the RTC of Kalookan dated May 28, 1991 in Special Civil Case No. C-234 with the additional prayer to enjoin the RTC of Kalookan from proceeding with said case.
3. The Decision of the RTC of Manila dated February 18, 1991 in Civil Case No. 89-51451, the Resolutions of the CA dated March 6, 1992, August 6, 1992, November 10, 1992 and the Decision of the CA dated July 19, 1993 in the consolidated petitions CA-G.R. SP Nos. 24669, 28387 and 29317.

First Group

The Commissioner of Customs seeks to nullify the Resolution of the CA dated May 31, 1993 denying the Motion to Suspend Proceedings and to prohibit the CA from further proceeding in CA-G.R. No. CV-32746 for lack of jurisdiction. This issue can be easily disposed of as it appears that the petition has become moot and academic, with the CA having terminated CA-G.R. No. CV-32746 by rendering its Decision on May 13, 2002 upholding the dismissal of the case by the RTC of SFLU for lack of jurisdiction, a finding that sustains the position of the Commissioner of Customs. This decision became final and entry of judgment was made on June 14, 2002.^[7]

Second Group

The Court now proceeds to consider the Order granting an injunction dated May 28, 1991 in Civil Case No. C-234 issued by the RTC of Kalookan. The Commissioner of Customs seeks its nullification and to prohibit the RTC of Kalookan from further proceeding with the case.

The RTC of Kalookan issued the Order against the Philippine Ports Authority and Bureau of Customs solely on the basis of Urbino's alleged ownership over the vessel by virtue of his certificate of sale. By this the RTC of Kalookan committed a serious and reversible error in interfering with the jurisdiction of customs authorities and should have dismissed the petition outright. In *Mison v. Natividad*,^[8] this Court held that the exclusive jurisdiction of the Collector of Customs cannot be interfered with by regular courts even upon allegations of ownership.

To summarize the facts in that case, a warrant of seizure and detention was issued against therein plaintiff over a number of vehicles found in his residence for violation of customs laws. Plaintiff then filed a complaint before the RTC of Pampanga alleging that he is the registered owner of certain vehicles which the Bureau of Customs are threatening to seize and praying that the latter be enjoined from doing so. The RTC of Pampanga issued a TRO and eventually, thereafter, substituted it with a writ of preliminary injunction. This Court found that the proceedings conducted by the trial court were null and void as it had no jurisdiction over the res subject of the warrant of seizure and detention, holding that:

A warrant of seizure and detention having already been issued, presumably in the regular course of official duty, the Regional Trial Court of Pampanga was indisputably precluded from interfering in 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 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; if this were not so, the procedure carefully delineated by law for seizure and forfeiture cases may easily be thwarted and set to naught 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 x x x.

The facts in this case are like those in that case. Urbino claimed to be the owner of the vessel and he sought to restrain the PPA and the Bureau of Customs from interfering with his rights as owner. His remedy, therefore, was not with the RTC but with the CTA where the seizure and detention cases are now pending and where he was already allowed to intervene.

Moreover, this Court, on numerous occasions, cautioned judges in their issuance of temporary restraining orders and writs of preliminary injunction against the Collector of Customs based on the principle enunciated in *Mison v. Natividad* and has issued Administrative Circular No. 7-99 to carry out this policy.^[9] This Court again reminds all concerned that the rule is clear: the Collector of Customs has exclusive jurisdiction over seizure and forfeiture proceedings and trial courts are precluded from assuming cognizance over such matters even through petitions for certiorari, prohibition or mandamus.

Third Group

The Decision of the RTC of Manila dated February 18, 1991 has the following dispositive portion:

WHEREFORE, IN VIEW OF THE FOREGOING, based on the allegations, prayer and evidence adduced, both testimonial and documentary, the Court is convinced, that, indeed, defendants/respondents are liable to plaintiff/petitioner in the amount prayed for in the petition for which [it] renders judgment as follows:

1. Respondent M/V Star Ace, represented by Capt. Nahum Rada, Relief Captain of the vessel and Omega Sea Transport Company, Inc., represented by Frank Cadacio is ordered to refrain from alienating or transfer[r]ing the vessel M/V Star Ace to any third parties;
2. Singko Trading Company to pay the following: