

EN BANC

[G.R. No. 120640, August 08, 1996]

**EDUARDO M. COJUANGCO, JR., ENRIQUE M. COJUANGCO,
MANUEL M. COJUANGCO, ESTELITO P. MENDOZA AND GABRIEL
L. VILLAREAL, PETITIONERS, VS. THE HON. SANDIGANBAYAN,
PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG),
JULIETA C. BERTUBEN, IDE C. TILLAH, EMMANUEL E. CRUZ,
SERGIO OSMEÑA III AND TIRSO D. ANTIPORDA, JR.,
RESPONDENTS.**

D E C I S I O N

VITUG, J.:

When this Court was tasked to determine, **via Garcia, Jr., vs. Sandiganbayan**,^[1] whether the Sandiganbayan had jurisdiction to take up the special civil actions of prohibition, *mandamus*, and *quo warranto*, it ruled:

"It is settled that the authority to issue writs of *certiorari*, prohibition, and *mandamus* involves the exercise of original jurisdiction which must be expressly conferred by the Constitution or by law. x x x.

"With respect to petitions for *quo warranto* and *habeas corpus*, original jurisdiction over them is expressly conferred to this Court by Section 5(1), Article VIII of the Constitution and to the Court of Appeals and the Regional Trial Courts by Section 9(1) and Section 21(1), respectively, of B.P. Blg. 129.

"In the absence then of a specific statutory grant of jurisdiction to issue the said extraordinary writs, the Sandiganbayan, as a court with only special and limited jurisdiction, cannot exercise jurisdiction over the petition for prohibition, *mandamus* and *quo warranto* filed by petitioner."

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By force of that decision, respondent Sandiganbayan (First Division), on 09 May 1995, acting *motu proprio* on the petition for *quo warranto* instituted by herein petitioners assailing the qualifications of private respondents for election to, and membership in, the Board of Directors of San Miguel Corporation ("SMC"), issued a resolution dismissing the *quo warranto* petition. The Sandiganbayan held:

"Considering the subject matter of the instant petition, i.e., the qualification of the respondents to the seats in the Board of Directors of the San Miguel Corporation in favor of the petitioners herein for which reason this petition for *quo warranto* is filed, and considering the ruling of the Supreme Court in *Garcia vs. Sandiganbayan* (G.R. No. 114135, October 7, 1994) which explicitly stated that for lack of explicit statutory grant, the Sandiganbayan had no authority to issue a writ of *quo*

warranto, among other extraordinary writs, thus rendering this Court without jurisdiction over the subject matter hereof, the instant petition is dismissed."^[3]

This resolution is sought to be set aside in the instant petition for review on *certiorari*.

We cull presently the facts that have led to the filing of the petition for *quo warranto*.

During the annual meeting of the stockholders of SMC, held on 18 April 1995, the election of fifteen directors for the ensuing year was taken up. Petitioners, along with private respondents, were among the nominees to the board. Private respondents were nominated by Chairman Magtanggol Gunigundo of the Presidential Commission on Good Government ("PCGG") following the registration in their respective names (at the instance of PCGG) of SMC sequestered shares of stock (the "corporate shares"), belonging to some 43 corporate stockholders led by Archipelago Finance and Leasing Corporation, in order to allow the nominees to qualify for the contested board seats.

During the election, the bulk of the votes cast by petitioner Mendoza in favor of his group had come from substantially the same sequestered corporate shares of SMC which were used by the PCGG in voting, in turn, for private respondents.

Following the canvass of the votes cast, private respondents landed on the top 15 slots and were accordingly declared to have been the elected members of the SMC Board of Directors for the year 1995-1996. None of the petitioners (Messrs. Estelito Mendoza, Manuel Cojuangco, Enrique Cojuangco, Gabriel Villareal and Eduardo Cojuangco, Jr., who, respectively, landed on the 16th to the 20th places) made it.

Petitioner Mendoza protested the results of the election contending that the votes he had cast, particularly those in representation of the corporate shares, had not been duly appreciated and reflected in the results, and that had said votes been properly counted he, Manuel Cojuangco and Enrique Cojuangco would have themselves been duly elected. In reply, SMC Corporate Secretary Jose Feria stood by his verbal ruling during the canvassing of votes that only the PCGG, through Chairman Gunigundo, could validly vote the sequestered shares.

Petitioners filed a petition for *quo warranto* before the Sandiganbayan questioning the election of PCGG's nominees to the SMC Board and prayed that -

"1. Respondents Julieta C. Bertuben, Ide C. Tillah, Emmanuel E. Cruz, Sergio Osmeña III and Tirso D. Antiporda, Jr. should be ousted from the SMC Board for not owning the requisite number of qualifying shares of stock and in their stead, petitioners Eduardo M. Cojuangco, Jr., Enrique M. Cojuangco, Manuel M. Cojuangco, Estelito P. Mendoza and Gabriel L. Villareal be declared members of the Board of Directors of SMC; and

"2. Respondents Julieta C. Bertuben, Ide C. Tillah and Emmanuel E. Cruz be ousted for not having more votes than petitioners Enrique M. Cojuangco, Manuel M. Cojuangco, Estelito P. Mendoza who should in their

place be declared duly elected members of the Board of Directors of SMC."^[4]

The dismissal by the Sandiganbayan (First Division) of the petition, as well as its subsequent rejection of the motion for reconsideration, has led to the present recourse. Petitioners impute on the Sandiganbayan the alleged commission by it of the following errors:

"A. THE SANDIGANBAYAN (FIRST DIVISION) ERRED IN APPLYING TO S.B. CIVIL CASE NO. 0166 THE NEW DOCTRINE ENUNCIATED BY THE FIRST DIVISION OF THIS HONORABLE COURT IN THE CASE OF `GARCIA, JR. VS. SANDIGANBAYAN, ET AL.', G.R. NO. 11435, PROMULGATED ON OCTOBER 7, 1994, 237 SCRA 552, HOLDING THAT THE SANDIGANBAYAN CANNOT EXERCISE JURISDICTION OVER A PETITION FOR PROHIBITION, MANDAMUS AND QUO WARRANTO, DESPITE THE CLEAR NON-APPLICABILITY OF SAID DOCTRINE TO THE FACTS OF CIVIL CASE NO. 0166.

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"B. IN DISMISSING THE PETITION FOR QUO WARRANTO, THE SANDIGANBAYAN (FIRST DIVISION) IGNORED APPLICABLE DECISIONS OF THIS HONORABLE COURT RENDERED IN SEVERAL CASES HOLDING THAT THE SANDIGANBAYAN HAS EXCLUSIVE AND ORIGINAL JURISDICTION OVER SPECIAL CIVIL ACTIONS, INCLUDING PETITIONS FOR QUO WARRANTO, INVOLVING `INCIDENTS ARISING FROM, INCIDENTAL TO, OR RELATED TO' CASES MENTIONED IN EXECUTIVE ORDER NO. 14, DATED MAY 7, 1986, AND OVER SPECIAL CIVIL ACTIONS INVOLVING THE POWERS AND FUNCTIONS OF THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG) OR ALLEGED ILL-GOTTEN OR SEQUESTERED WEALTH.

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"C. THE SANDIGANBAYAN (FIRST DIVISION) LIKEWISE IGNORED THE PROVISION OF SEC. 2 OF REPUBLIC ACT NO. 7975, WHICH AMENDED SEC. 4 OF PRESIDENTIAL DECREE NO. 1606 ON THE JURISDICTION OF THE SANDIGANBAYAN, GRANTING THE SANDIGANBAYAN `ORIGINAL JURISDICTION' OVER `CIVIL AND CRIMINAL CASES FILED PURSUANT TO AND IN CONNECTION WITH EXECUTIVE ORDER NOS. 1, 2, 14 AND 14-A."^[5]

Respondents, calling attention to the Court's ruling in *Garcia, infra*, insist that the Sandiganbayan is precluded from exercising jurisdiction over petitions for *quo warranto*.

We find merit in the appeal.

The rule that the Sandiganbayan cannot exercise jurisdiction over petitions for *quo warranto* is not without exception, a situation which by now should be fairly evident from the Court's pronouncements in a number of cases. In **PCGG vs. Peña, et al.**,^[6] the Court has observed:

"x x x Under Section 2 of the President's Executive Order No. 14 issued on May 7, 1986, all cases of the Commission regarding 'the Funds, Moneys, Assets, and Properties Illegally Acquired or Misappropriated by Former President Ferdinand Marcos, Mrs. Imelda Romualdez Marcos, their Close Relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees' whether civil or criminal, are lodged within the 'exclusive and original jurisdiction of the Sandiganbayan' and all incidents arising from, incidental to, or related to, such cases necessarily fall likewise under the Sandiganbayan's exclusive and original jurisdiction, subject to review on certiorari exclusively by the Supreme Court." (Italics supplied.)

In the two subsequent consolidated cases of *PCGG vs. Aquino, Jr., and Marcelo Fiberglass Corporation vs. PCGG*,^[7] a petition for certiorari and prohibition with prayer for the issuance of a restraining order and injunction was lodged with the Regional trial Court of Malabon, instead of the Sandiganbayan, against a writ of sequestration issued by the PCGG. Marcelo Fiberglass Corporation argued that Section 2 of Executive Order No. 14 gave to the Sandiganbayan jurisdiction over civil and criminal cases filed by the PCGG but not over special civil actions filed by private parties. In brushing aside the contention, the Court, reiterated the aforequoted portion of the Court's ruling in **Peña**, and **concluded that any attempt to remove special civil actions,^[8] similarly involving the powers and functions of the PCGG, from the Sandiganbayan's exclusive jurisdiction would be of no avail.**

Just barely two months thereafter, six cases^[9] emanating from the Regional trial Courts, as well as from the Securities and Exchange Commission, were subsequently filed with the Court. In one^[10] of these cases, a supplemental petition was filed with the SEC by one of the stockholders of the SMC assailing the 1986 annual election of directors on the ground that PCGG voted the sequestered shares^[11] without authority. The SMC Board of Directors moved to dismiss the petition contending that SEC had no jurisdiction over the action. The motion was denied by the SEC declaring, inter alia, "that what was being questioned were merely 'the acts of the Board of Directors of San Miguel Corporation and not the acts of the PCGG through its nominees,' a matter clearly within its statutorily prescribed competence."^[12] When this order of the SEC and those of the Regional Trial Courts in the other related cases were eventually elevated to this Court, we stressed that the "exclusive jurisdiction conferred on the Sandiganbayan would evidently extend not only to the principal causes of action, i.e., the recovery of alleged ill-gotten wealth, but also to 'all incidents arising from, incidental to, or related to, such cases,' such as the dispute over the sale of shares, the propriety of the issuance of ancillary writs or provisional remedies relative thereto, the sequestration thereof, which may not be made the subject of separate actions or proceedings in another forum." Thus, the Court ordered the dismissal of the cases "without prejudice to the assertion and ventilation before the Sandiganbayan by the parties of their respective claims by such appropriate modes as prescribed by law."^[13]

The instant petition, contrary to the observation in the dissenting opinion, is not just confined to the grievance of petitioners relative to the election of directors and the counting of the votes therein cast but directly challenges the power of the PCGG to vote, or to make use of, the sequestered shares of stock. The very kernel then of the controversy, relating, such as it does, to PCGG's authority over alleged ill-gotten

wealth (the sequestered corporate shares), is within the precinct of Section 2^[14] of Executive Order No. 14. The Peña edict - that "those who wish to question or challenge the Commission's acts or orders in such cases must seek recourse in the same court, the Sandiganbayan, which is vested with exclusive and original jurisdiction"^[15]- perforce governs.

Garcia, it might be recalled, did not involve any question about the alleged "ill-gotten wealth" or its sequestered status; there, indeed, any reference to "ill-gotten wealth" was but a peripheral matter. The controversy was instead, and as so aptly described by the Sandiganbayan itself, a mere **"case of a Board of Directors ousting two of its members for reasons which it had deemed proper."**^[16] The graft court observed:

"While it is not denied that the PCGG through its Chairman had asked petitioner Garcia to resign, Garcia had refused to do so; while PCGG Chairman Gunigundo had written petitioner Garcia on July 6, 1993 to tell him that his representation of the Government in the UCPB Board had been terminated, petitioner did not there and then cease to be a member of the UCPB Board of Directors. Instead, it was the Resolution (No. 66-93) of the Board of Directors at its meeting on July 22, 1993 which replaced petitioner Garcia with respondent Cesar A. Sevilla in the Board, albeit undoubtedly upon the request or, if petitioner pleases, upon instigation of the PCGG Chairman.

"Respondent members of the Board of Directors Tirso D. Antiporda, et al., have well pointed out that while PCGG Chairman Gunigundo had also terminated the representation of Director Manuel Concordia, as Gunigundo indeed had in his letter of July 6, 1993, x x x the UCPB Board declined to follow that lead resulting thus in the termination only of petitioner Garcia and Wencilito T. Andanar."^[17]

In fine, while ordinarily the Sandiganbayan cannot exercise jurisdiction over petitions for *quo warranto*, it may, however, do so as an exception when it involves an incident arising from, or related to PCGG cases over alleged "ill-gotten wealth" within the context of Section 2 of Executive Order No. 14.

Mention has been made on the passage of R.A. No. 7975,^[18] on 06 May 1995, which grants to the Sandiganbayan the power to issue writs of certiorari, prohibition, and mandamus in aid of its appellate jurisdiction. While a petition for *quo warranto* is not among the special civil actions enumerated in the fourth sub-paragraph of Section 4(c) of R.A. No. 7975, the first sub-paragraph of the same Section 4(c) of the law, however, is no less specific, it provides:

"SEC. 4. Jurisdiction. - The Sandiganbayan shall exercise original jurisdiction in all cases involving:

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"c. Civil and criminal cases filed pursuant to and in connection with Executive Order Nos. 1, 2, 14, and 14-A."