



Republic of the Philippines
SUPREME COURT
Manila

EN BANC

**PHILIPPINE COCONUT
PRODUCERS FEDERATION, INC.
(COCOFED), MANUEL V. DEL
ROSARIO, DOMINGO P. ESPINA,
SALVADOR P. BALLARES,
JOSELITO A. MORALEDA, PAZ M.
YASON, VICENTE A. CADIZ,
CESARIA DE LUNA TITULAR, and
RAYMUNDO C. DE VILLA,**

Petitioners,

- versus -

REPUBLIC OF THE PHILIPPINES,
Respondent.

**WIGBERTO E. TAÑADA, OSCAR F.
SANTOS, SURIGAO DEL SUR
FEDERATION OF
AGRICULTURAL COOPERATIVES
(SUFAC) and MORO FARMERS
ASSOCIATION OF ZAMBOANGA
DEL SUR (MOFAZS), represented by
ROMEO C. ROYANDOYAN,**

Intervenors.

X-----X

DANILO B. URSUA,
Petitioner,

- versus -

REPUBLIC OF THE PHILIPPINES,
Respondent.

G.R. Nos. 177857-58

Present:

SERENO, C.J.,
CARPIO,*
VELASCO, JR.,
LEONARDO-DE CASTRO,*
BRION,
PERALTA,*
BERSAMIN,
DEL CASTILLO,
ABAD,
VILLARAMA, JR.,
PEREZ,
MENDOZA,
REYES,
PERLAS-BERNABE, JJ.

G.R. No. 178193

Promulgated:

SEPTEMBER 04, 2012

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RESOLUTION

VELASCO, JR., J.:

* No part.

For consideration is a Motion for Reconsideration of the Decision of the Court dated January 24, 2012 interposed by petitioners in G.R. Nos. 177857-58, namely: Philippine Coconut Producers Federation, Inc. (COCOFED), Manuel V. del Rosario, Domingo P. Espina, Salvador P. Ballares, Joselito A. Moraleda, Paz M. Yason, Vicente A. Cadiz, Cesaria De Luna Titular, and Raymundo C. De Villa.

On March 14, 2012, petitioner-movants filed a Manifestation and Motion stating that they failed to include the Office of the Solicitor General (OSG) in the list of persons to be furnished with a copy of the Motion for Reconsideration. They accordingly moved that their belated service of a copy of the Motion for Reconsideration on the OSG be considered compliance with the rules on service of motions for reconsideration. This Court noted and accepted the Manifestation and Motion. On March 15, 2012, petitioner-movants filed a Memorandum in support of the instant motion for reconsideration.

To the said motion, intervenors Wigberto E. Tañada, et al. filed on June 10, 2012 their Comment and Opposition. The OSG, on the other hand, after filing two motions for extension on May 22, 2012 and June 21, 2012, respectively, filed its Motion to Admit Comment, with Comment attached, on July 13, 2012. This Court noted and admitted the Comment.

As will be recalled, the Court, in its January 24, 2012 Decision, affirmed, with modification, the Partial Summary Judgments (PSJs) rendered by the Sandiganbayan (1) on July 11, 2003 in Civil Case No. 0033-A (PSJ-A), as amended by a Resolution issued on June 5, 2007; and (2) on May 7, 2004 in Civil Case No. 0033-F (PSJ-F), as amended by a Resolution issued on May 11, 2007.

In this recourse, petitioner-movants urge the Court to reconsider its Decision of January 24, 2012 on the ground that it:

1. Made erroneous findings of fact;
2. Erred in affirming the Sandiganbayan's jurisdiction of the subject matter of the subdivided amended complaints;
3. Erred in ruling that due process was not violated;
4. Erred in ruling on the constitutionality of the coconut levy laws;
5. Erred in ruling that the Operative Fact Doctrine does not apply;
- and
6. Erred in ruling that the right to speedy disposition of cases was not violated.

The instant motion is but a mere reiteration or rehash of the arguments that have already been previously pleaded, discussed and resolved by this Court in its January 24, 2012 Decision. And considering that the motion's arguments are unsubstantial to warrant a reconsideration or at least a modification, this Court finds no reason to modify or let alone reverse the challenged Decision.

As of 1983,¹ the Class A and B San Miguel Corporation (SMC) common shares in the names of the 14 CIIF Holding Companies are 33,133,266 shares. From 1983 to November 19, 2009 when the Republic of the Philippines representing the Presidential Commission on Good Government (PCGG) filed the "Motion To Approve Sale of CIIF SMC Series I Preferred Shares," the common shares of the CIIF Holding companies increased to 753,848,312 Class A and B SMC common shares.²

Owing, however, to a certain development that altered the factual situation then obtaining in G.R. Nos. 177857-58, there is, therefore, a compelling need to clarify the *fallo* of the January 24, 2012 Decision to reconcile it, vis-a-vis the shares of stocks in SMC which were declared owned by the Government, with this development. We refer to the

¹ *Rollo* (G.R. Nos. 177857-58), Vol. 1, p. 404, Partial Summary Judgment, Civil Case No. 0033-F.

² *Id.*, Vol. 3, p. 2277.

Resolution³ issued by the Court on September 17, 2009 in the then consolidated cases docketed as G.R. Nos. 177857-58, G.R. No. 178193 and G.R. No. 180705. In that Resolution which has long become final and executory, the Court, upon motion of COCOFED and with the approval of the Presidential Commission on Good Government, granted the conversion of 753,848,312 Class “A” and Class “B” SMC common shares registered in the name of the CIIF companies to SMC Series 1 Preferred Shares of 753,848,312, subject to certain terms and conditions. The dispositive portion of the aforementioned Resolution states:

WHEREFORE, the Court **APPROVES** the conversion of the 753,848,312 SMC Common Shares registered in the name of CIIF companies to **SMC SERIES 1 PREFERRED SHARES** of 753,848,312, the converted shares to be registered in the names of CIIF companies in accordance with the terms and conditions specified in the conversion offer set forth in SMC’s Information Statement and appended as Annex “A” of COCOFED’s Urgent Motion to Approve the Conversion of the CIIF SMC Common Shares into SMC Series 1 Preferred Shares. The preferred shares shall remain in *custodia legis* and their ownership shall be subject to the final ownership determination of the Court. Until the ownership issue has been resolved, the preferred shares in the name of the CIIF companies shall be placed under sequestration and PCGG management. (Emphasis added.)

The net dividend earnings and/or redemption proceeds from the Series 1 Preferred Shares shall be deposited in an escrow account with the Land Bank of the Philippines or the Development Bank of the Philippines.

Respondent Republic, thru the PCGG, is hereby directed to cause the CIIF companies, including their respective directors, officers, employees, agents, and all other persons acting in their behalf, to perform such acts and execute such documents as required to effectuate the conversion of the common shares into SMC Series 1 Preferred Shares, within ten (10) days from receipt of this Resolution.

Once the conversion is accomplished, the SMC Common Shares previously registered in the names of the CIIF companies shall be released from sequestration.

SO ORDERED.⁴

³ 600 SCRA 102.

⁴ Id. at 145-146.

The CIIF block of SMC shares, as converted, is the same shares of stocks that are subject matter of, and declared as owned by the Government in, the January 24, 2012 Decision. Hence, the need to clarify.

WHEREFORE, the Court resolves to **DENY** with **FINALITY** the instant Motion for Reconsideration dated February 14, 2012 for lack of merit.

The Court further resolves to **CLARIFY** that the 753,848,312 SMC Series 1 preferred shares of the CIIF companies converted from the CIIF block of SMC shares, with all the dividend earnings as well as all increments arising from, but not limited to, the exercise of preemptive rights subject of the September 17, 2009 Resolution, shall now be the subject matter of the January 24, 2012 Decision and shall be declared owned by the Government and be used only for the benefit of all coconut farmers and for the development of the coconut industry.

As modified, the *fallo* of the January 24, 2012 Decision shall read, as follows:

WHEREFORE, the petitions in G.R. Nos. 177857-58 and 178793 are hereby **DENIED**. The Partial Summary Judgment dated July 11, 2003 in Civil Case No. 0033-A as reiterated with modification in Resolution dated June 5, 2007, as well as the Partial Summary Judgment dated May 7, 2004 in Civil Case No. 0033-F, which was effectively amended in Resolution dated May 11, 2007, are **AFFIRMED with MODIFICATION**, only with respect to those issues subject of the petitions in G.R. Nos. 177857-58 and 178193. However, the issues raised in G.R. No. 180705 in relation to Partial Summary Judgment dated July 11, 2003 and Resolution dated June 5, 2007 in Civil Case No. 0033-A, shall be decided by this Court in a separate decision.

The Partial Summary Judgment in Civil Case No. 0033-A dated July 11, 2003, is hereby **MODIFIED**, and shall read as follows:

WHEREFORE, in view of the foregoing, We rule as follows:

SUMMARY OF THE COURT'S RULING.

- A. Re: CLASS ACTION MOTION FOR A SEPARATE SUMMARY JUDGMENT dated April 11, 2001 filed by Defendant Maria Clara L. Lobregat, COCOFED, *et al.*, and Ballares, *et al.*

The Class Action Motion for Separate Summary Judgment dated April 11, 2001 filed by defendant Maria Clara L. Lobregat, COCOFED, *et al.* and Ballares, *et al.*, is hereby DENIED for lack of merit.

- B. Re: MOTION FOR PARTIAL SUMMARY JUDGMENT (RE: COCOFED, *ET AL.* AND BALLARES, *ET AL.*) dated April 22, 2002 filed by Plaintiff.

1. a. The portion of Section 1 of P.D. No. 755, which reads:

...and that the Philippine Coconut Authority is hereby authorized to distribute, for free, the shares of stock of the bank it acquired to the coconut farmers under such rules and regulations it may promulgate.

taken in relation to Section 2 of the same P.D., is unconstitutional: (i) for having allowed the use of the CCSF to benefit directly private interest by the outright and unconditional grant of absolute ownership of the FUB/UCPB shares paid for by PCA entirely with the CCSF to the undefined “coconut farmers”, which negated or circumvented the national policy or public purpose declared by P.D. No. 755 to accelerate the growth and development of the coconut industry and achieve its vertical integration; and (ii) for having unduly delegated legislative power to the PCA.

- b. The implementing regulations issued by PCA, namely, Administrative Order No. 1, Series of 1975 and Resolution No. 074-78 are likewise invalid for their failure to see to it that the distribution of shares serve exclusively or at least primarily or directly the aforementioned public purpose or national policy declared by P.D. No. 755.
2. Section 2 of P.D. No. 755 which mandated that the coconut levy funds shall not be considered special and/or fiduciary funds nor part of the general funds of the national government and similar provisions of Sec. 5, Art. III, P.D. No. 961 and Sec. 5, Art. III, P.D. No. 1468 contravene the provisions of the Constitution, particularly, Art. IX (D), Sec. 2; and Article VI, Sec. 29 (3).
3. Lobregat, COCOFED, *et al.* and Ballares, *et al.* have not legally and validly obtained title of ownership over the subject UCPB shares by virtue of P.D. No. 755, the Agreement dated May 25, 1975 between the PCA and defendant Cojuangco, and PCA implementing rules, namely, Adm. Order No. 1, s. 1975 and Resolution No. 074-78.

4. The so-called "Farmers' UCPB shares" covered by 64.98% of the UCPB shares of stock, which formed part of the 72.2% of the shares of stock of the former FUB and now of the UCPB, the entire consideration of which was charged by PCA to the CCSF, are hereby declared conclusively owned by, the Plaintiff Republic of the Philippines.

... ..

SO ORDERED.

The Partial Summary Judgment in Civil Case No. 0033-F dated May 7, 2004, is hereby **MODIFIED**, and shall read as follows:

WHEREFORE, the MOTION FOR EXECUTION OF PARTIAL SUMMARY JUDGMENT (RE: CIIF BLOCK OF SMC SHARES OF STOCK) dated August 8, 2005 of the plaintiff is hereby denied for lack of merit. However, this Court orders the severance of this particular claim of Plaintiff. The Partial Summary Judgment dated May 7, 2004 is now considered a separate final and appealable judgment with respect to the said CIIF Block of SMC shares of stock.

The Partial Summary Judgment rendered on May 7, 2004 is modified by deleting the last paragraph of the dispositive portion, which will now read, as follows:

WHEREFORE, in view of the foregoing, we hold that:

The Motion for Partial Summary Judgment (Re: Defendants CIIF Companies, 14 Holding Companies and Cocofed, et al) filed by Plaintiff is hereby **GRANTED. ACCORDINGLY, THE CIIF COMPANIES, NAMELY:**

1. Southern Luzon Coconut Oil Mills (SOLCOM);
2. Cagayan de Oro Oil Co., Inc. (CAGOIL);
3. Iligan Coconut Industries, Inc. (ILICOCO);
4. San Pablo Manufacturing Corp. (SPMC);
5. Granexport Manufacturing Corp. (GRANEX); and
6. Legaspi Oil Co., Inc. (LEGOIL),

AS WELL AS THE 14 HOLDING COMPANIES, NAMELY:

1. Soriano Shares, Inc.;
2. ACS Investors, Inc.;
3. Roxas Shares, Inc.;
4. Arc Investors, Inc.;
5. Toda Holdings, Inc.;
6. AP Holdings, Inc.;
7. Fernandez Holdings, Inc.;
8. SMC Officers Corps, Inc.;
9. Te Deum Resources, Inc.;
10. Anglo Ventures, Inc.;
11. Randy Allied Ventures, Inc.;
12. Rock Steel Resources, Inc.;
13. Valhalla Properties Ltd., Inc.; and
14. First Meridian Development, Inc.

AND THE CONVERTED SMC SERIES 1 PREFERRED SHARES TOTALING 753,848,312 SHARES SUBJECT OF THE RESOLUTION OF THE COURT DATED SEPTEMBER 17, 2009

TOGETHER WITH ALL DIVIDENDS DECLARED, PAID OR ISSUED THEREON AFTER THAT DATE, AS WELL AS ANY INCREMENTS THERETO ARISING FROM, BUT NOT LIMITED TO, EXERCISE OF PRE-EMPTIVE RIGHTS ARE DECLARED OWNED BY THE GOVERNMENT TO BE USED ONLY FOR THE BENEFIT OF ALL COCONUT FARMERS AND FOR THE DEVELOPMENT OF THE COCONUT INDUSTRY, AND ORDERED RECONVEYED TO THE GOVERNMENT.

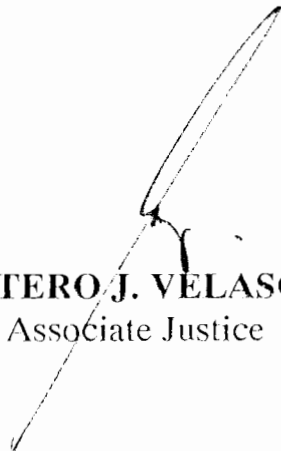
THE COURT AFFIRMS THE RESOLUTIONS ISSUED BY THE SANDIGANBAYAN ON JUNE 5, 2007 IN CIVIL CASE NO. 0033-A AND ON MAY 11, 2007 IN CIVIL CASE NO. 0033-F, THAT THERE IS NO MORE NECESSITY OF FURTHER TRIAL WITH RESPECT TO THE ISSUE OF OWNERSHIP OF (1) THE SEQUESTERED UCPB SHARES, (2) THE CHIF BLOCK OF SMC SHARES, AND (3) THE CHIF COMPANIES, AS THEY HAVE FINALLY BEEN ADJUDICATED IN THE AFOREMENTIONED PARTIAL SUMMARY JUDGMENTS DATED JULY 11, 2003 AND MAY 7, 2004.

SO ORDERED.

Costs against petitioners COCOFED, et al. in G.R. Nos. 177857-58 and Danilo S. Ursua in G.R. No. 178193.

No further pleadings shall be entertained. Let Entry of Judgment be made in due course.

SO ORDERED.

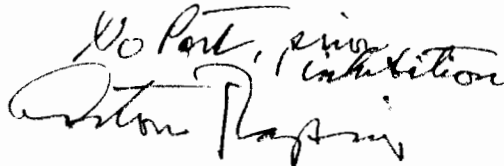


PRESBITERO J. VELASCO, JR.
Associate Justice

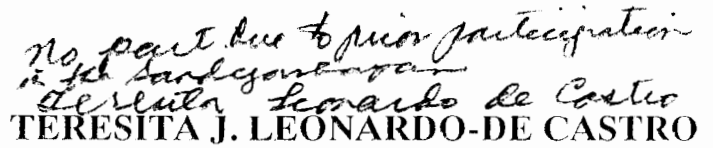
WE CONCUR:


MARIA LOURDES P. A. SERENO

Chief Justice


ANTONIO T. CARPIO

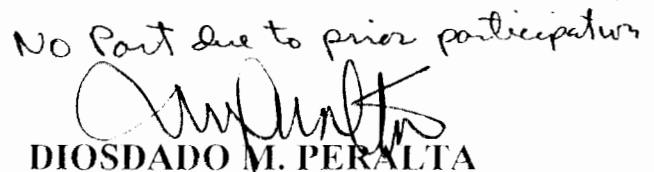
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TERESITA J. LEONARDO-DE CASTRO

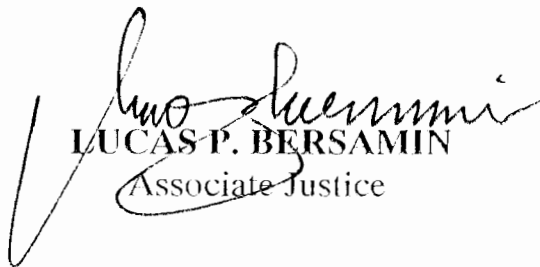
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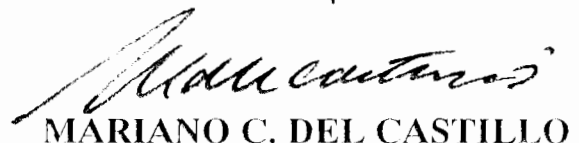
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DIOSDADO M. PERALTA

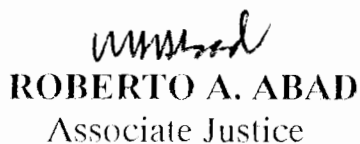
Associate Justice


LUCAS P. BERSAMIN

Associate Justice


MARIANO C. DEL CASTILLO

Associate Justice


ROBERTO A. ABAD

Associate Justice


MARTIN S. VILLARAMA, JR.

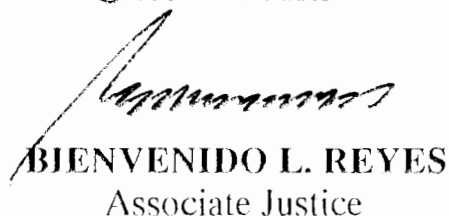
Associate Justice


JOSE PORTUGAL PEREZ

Associate Justice


JOSE CATRAL MENDOZA

Associate Justice


BIENVENIDO L. REYES

Associate Justice


ESTELA M. PERLAS-BERNABE

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court.


MARIA LOURDES P. A. SERENO
 Chief Justice