



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

PRESIDENTIAL COMMISSION
ON GOOD GOVERNMENT,

Petitioner,

- versus -

C&O INVESTMENT AND
REALTY CORP. and MIGUEL
COJUANGCO,

Respondents.

G.R. No. 255014

Present:

CAGUIOA, J., *Chairperson*,
INTING,
GAERLAN,
DIMAAMPAO, and
SINGH, JJ.

Promulgated:

August 30, 2023

Misa DC Bata

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DECISION

SINGH, J.:

This is a Petition for Review on *Certiorari*¹ under Rule 45 filed by petitioner Presidential Commission on Good Government (PCGG) assailing the Decision,² dated March 13, 2020, and the Resolution,³ dated January 5, 2021 of the Sandiganbayan in Civil Case No. SB-17-CVL-0002. The Sandiganbayan lifted the sequestration over the property covered by Transfer Certificate of Title (TCT) No. (T-3034) 018-2018002208.

¹ *Rollo*, pp. 141–163.

² *Id.* at 13–22. Penned by Associate Justice Michael Frederick L. Musngi and concurred in by Associate Justices Lorifel Lacap Pahimna and Edgardo M. Caldon. Dissenting Opinion by Associate Justices Oscar C. Herrera, Jr. and Zaldy V. Trespeses.

³ *Id.* at 59–61.

The Facts

Petitioner PCGG is a government agency created to recover the ill-gotten wealth of former President Ferdinand E. Marcos (**Marcos**), his immediate family, relatives, subordinates, and close associates.⁴

Respondent C&O Investment and Realty Corporation (**C&O**) is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines, while respondent Miguel O. Cojuangco (**Cojuangco**) (collectively, the **respondents**) is the Chairman and President of C&O, and is one of the compulsory heirs of Spouses Ramon and Imelda Cojuangco (**Spouses Cojuangco**).⁵

On May 20, 1986, the PCGG, acting pursuant to its sovereign capacity and its mandate under Executive Order Nos. 1⁶ and 2,⁷ Series of 1986, sequestered the lot covered by TCT No. T-3034 issued by the Registry of Deeds of Baguio City in the name of Ramon U. Cojuangco.⁸ The PCGG requested the Register of Deeds of Baguio City to annotate at the back of the title a sequestration note that “this title is sequestered by the Presidential Commission on Good Government and any disposal, conveyance, transfer or sale of such owner should ask permission of this office.”⁹

The respondents filed a Petition for Nullification/Cancellation of Letter of Sequestration before the Sandiganbayan. The respondents claimed that C&O purchased the subject property from the Spouses Cojuangco in 1976 but inadvertently failed to transfer the title to its name. Upon discovery, it processed the transfer and the payment of the corresponding taxes but the Bureau of Internal Revenue required an updated certified true copy of the title. The respondents claimed that it was only then that they learned of the subject annotation.¹⁰

In any case, the respondents argued that the subject annotation is improper because the subject property was acquired by the Spouses

⁴ Executive Order No. 1. “CREATING THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,” approved on February 28, 1986.

⁵ *Rollo*, pp. 13-14, Sandiganbayan Decision.

⁶ Entitled “CREATING THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,” approved on February 28, 1986.

⁷ Entitled “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,” approved on March 12, 1986.

⁸ *Rollo*, p. 249, PCGG Letter.

⁹ *Id.*

¹⁰ *Id.* at 14, Sandiganbayan Decision.



Cojuangco in 1955, long before Marcos became President of the Philippines, and thus, it cannot be considered ill-gotten.¹¹

In its Answer,¹² the PCGG countered that: (1) the action is barred by estoppel and laches;¹³ (2) the property is validly being held by the PCGG to answer for the dividends and interests accruing from the Philippine Telecommunications Investment Corporation (**PTIC**);¹⁴ (3) the sequestration is akin to attachment;¹⁵ and (4) the sequestration may be lifted only upon authority of the Commission En Banc.¹⁶

On the second point raised, the PCGG stated that the original Complaint against the Marcoses was superseded by a Third Amended Complaint,¹⁷ which impleaded the Estate of Ramon U. Cojuangco, Imelda O. Cojuangco, and the Philippine Holdings, Inc. (**PHI**) and to recover from said defendants, their assigns, nominees and agents, to reconvey to the Republic the 111,415 in PTIC shares registered in the name of PHI.¹⁸

The Ruling of the Sandiganbayan

The Sandiganbayan granted the Petition and disposed of the case in this wise:

WHEREFORE, the Petition filed by C&O Investment and Realty Corp. and Miguel O. Cojuangco is hereby **GRANTED**.

The sequestration over the property covered by Transfer Certificate of Title No. (T-3034) 018-2018002208 issued in the name of Ramon Cojuangco married to Imelda O. Cojuangco is deemed automatically lifted.

The Register of Deeds of Baguio is directed to cause the CANCELLATION of Entry No. 134387-16-50 in Transfer Certificate of Title No. (T-3034) 018-2018002208 issued in the name of Ramon Cojuangco married to Imelda O. Cojuangco.

SO ORDERED.¹⁹ (Emphasis in the original)

In so ruling, the Sandiganbayan held that the subject property should not be considered as ill-gotten wealth because the TCT itself shows that the property was acquired by the Spouses Cojuangco on December 12, 1955, prior to the term of Marcos as President of the Philippines. Moreover, the

¹¹ Id.

¹² Id. at 388–400.

¹³ Id. at 390, Answer.

¹⁴ Id. at 391, Answer.

¹⁵ Id. at 393, Answer.

¹⁶ Id. at 396, Answer.

¹⁷ Id. at 259–297.

¹⁸ Id. at 391, Answer.

¹⁹ Id. at 21.



respondents presented a Deed of Absolute Sale,²⁰ dated December 23, 1976, between the Spouses Cojuangco and C&O showing that even before the sequestration letter was issued, the property has long been sold by the Spouses Cojuangco and should not have been considered still part of their assets.²¹

Furthermore, the Sandiganbayan held that although not raised by the parties, there is no proof that the letter of sequestration was issued upon authority of, at least, two Commissioners, as required by the Rules and Regulations of the PCGG.²² In fact, it is undisputed that only an Acting Director for the IRS of the PCGG issued the letter of sequestration. It is thus, void *ab initio*.²³

With regard to the view offered in the Dissenting Opinion that the Deed of Absolute Sale should be disregarded because a mere photocopy was presented, the Sandiganbayan ruled that considering that the respondent failed to attack the issue of the deed's admissibility despite it being given the opportunity to do so during the cross-examination, the document should be given appropriate probative value. Moreover, the exhibit has already been admitted by the court and it should be given evidentiary weight.²⁴

The PCGG filed a Motion for Reconsideration,²⁵ but it was denied.²⁶

Hence, this Petition.

The Issues

(1) Was the subject property validly placed under sequestration? (2) Have estoppel and laches set in warranting the dismissal of the case? (3) Are the respondents the real parties-in-interest?

The Ruling of the Court

The Petition is without merit.

²⁰ Id. at 354–356.

²¹ Id. at 19.

²² The PCGG Rules and Regulations Implementing Executive Order Nos. 1 and 2 provide: Sec. 3. Who may issue. A writ of sequestration or a freeze or hold order may be issued by the Commission upon the authority of at least two Commissioners, based on the affirmation or complaint of an interested party or *motu proprio* when the Commission has reasonable grounds to believe that the issuance thereof is warranted.

²³ *Rollo*, p. 20.

²⁴ Id. at 20–21.

²⁵ Id. at 216–232.

²⁶ Id. at 59–61, Sandiganbayan Resolution.



The subject property was not validly placed under sequestration

The PCGG is charged with the task of assisting the President in the recovery of all ill-gotten wealth accumulated by Marcos, his immediate family, relatives, subordinates, and close associates, including the takeover or sequestration of all business enterprises and entities owned or controlled by them, during his administration, directly or through nominees, by taking undue advantage of their public office and/or using their powers, authority, influence, connections, or relationship.²⁷

The Court in *Bataan Shipyard & Engineering Co., Inc. (BASECO) v. PCGG*²⁸ discussed sequestration, thus:

By the clear terms of the law, the power of the PCGG to sequester property claimed to be “ill-gotten” means to place or cause to be placed under its possession or control said property, or any building or office wherein any such property and any records pertaining thereto may be found, including “business enterprises and entities,” - **for the purpose of preventing the destruction, concealment or dissipation of, and otherwise conserving and preserving, the same-until it can be determined, through appropriate judicial proceedings, whether the property was in truth ill- gotten,”** i.e., acquired through or as a result of improper or illegal use of or the conversion of funds belonging to the Government or any of its branches, instrumentalities, enterprises, banks or financial institutions, or by taking undue advantage of official position, authority relationship, connection or influence, resulting in unjust enrichment of the ostensible owner and grave damage and prejudice to the State.²⁹ (Emphasis supplied)

Clearly, the mandate only covers ill-gotten wealth. It is therefore necessary to determine whether the subject property is, in fact, ill-gotten.

In this case, it is undisputed that the subject property was acquired by the Spouses Cojuangco in 1955, a decade before Marcos became President. The respondents presented the TCT,³⁰ which was registered under the name of Ramon S. Cojuangco in 1955, and the genuineness of it was never put in issue.

As correctly held by the Sandiganbayan, the subject property could not have been acquired by the Spouses Cojuangco through any illegal or improper

²⁷ Executive Order No. 1 (1986), Sec. 2, Creating the Presidential Commission on Good Government.

²⁸ 234 Phil. 180 (1987).

²⁹ Id. at 207.

³⁰ *Rollo*, pp. 344–348.

use of funds belonging to the government,³¹ and thus is not a proper object of sequestration, as intended by Executive Order No. 1.

With regard to the validity of the Letter of Sequestration,³² the PCGG Rules and Regulations provide:

Sec. 3. Who may issue. A writ of sequestration or a freeze or hold **order may be issued by the Commission upon the authority of at least two Commissioners**, based on the affirmation or complaint of an interested party or *motu proprio* when the Commission has reasonable grounds to believe that the issuance thereof is warranted. (Emphasis supplied)

In the case of *Republic of the Philippines (PCGG) v. Sandiganbayan (First Division)*,³³ where the sequestration order was prepared, issued and signed by the head of a task force of the PCGG, and not by any two of the Commissioners, the Court held that Section 3 of PCGG's Rules and Regulations:

[L]eaves no room for interpretation. On the basis thereof, it is indubitable that **under no circumstances can a sequestration or freeze order be validly issued by one not a Commissioner of the PCGG.**

The invalidity of the sequestration order was made more apparent by the fact that Atty. Ramirez did not even have any specific authority to act on behalf of the Commission at the time he issued the said sequestration order.

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Even assuming *arguendo* that Atty. Ramirez had been given prior authority by the PCGG to place Dio Island Resort under sequestration, nevertheless, the sequestration order he issued is still void since **PCGG may not delegate its authority to sequester to its representatives and subordinates, and any such delegation is invalid and ineffective.**³⁴ (Emphasis supplied)

In the case of *Republic of the Philippines v. Sandiganbayan (Second Division)*,³⁵ where the Notice of Sequestration, which was incorrectly denominated as a Notice of Lis Pendens, was issued by the PCGG through its Legal Department Director, the Court ruled:

The PCGG promulgated its own rules and regulations pursuant to Executive Order No. 1 stating that a writ of sequestration or a freeze or hold order may be issued by the PCGG only upon the authority of at least two Commissioners when there are reasonable grounds to believe that such

³¹ Id. at 19, Sandiganbayan Decision.

³² Id. at 249.

³³ 328 Phil 210 (1996).

³⁴ Id. at 218.

³⁵ 839 Phil. 992 (2018).



issuance is warranted. Here, the Notice of *Lis Pendens* was issued by the PCGG through its Legal Department Director Manuel Parras. **Clearly, Director Parras, not being a PCGG Commissioner, has no authority to issue the sequestration notice without the concurrence of at least two PCGG Commissioners.** In *PCGG v. Judge Peña*, we held that the **powers, functions, and duties of the PCGG amount to the exercise of quasi-judicial functions, and the exercise of such functions cannot be delegated by the Commission to its representatives or subordinates or task forces because of the well established principle that judicial or quasi-judicial powers may not be delegated.**³⁶ (Emphasis supplied; citations omitted)

From the foregoing principles, it is clear that the Letter of Sequestration, which was issued by then acting Director of the IRS of the PCGG Danilo Jimenez (**Jimenez**), suffers from legal infirmity as it is in blatant violation of the PCGG's own Rules and Regulations. Not only was the authority of Jimenez only inadvertently omitted; no such authority legally existed.

Moreover, sequestration, due to its tendency to impede or limit the exercise of proprietary rights by private citizens, is construed strictly against the State, conformably with the legal maxim that statutes in derogation of common rights are generally strictly construed and rigidly confined to the cases clearly within their scope and purpose.³⁷ Therefore, the PCGG has the burden to prove that the Letter of Sequestration was issued in accordance with law. Unfortunately, the PCGG failed to overcome this burden.

Estoppel has not set in

In the case of *Republic v. Sandiganbayan (Fourth Division)*,³⁸ where the sequestration order was issued not by the PCGG Commissioners, but by mere PCGG agents, the Court ruled that such order is void for violating Section 3 of the PCGG Rules and Regulations. For being a void order, it produces no effect and cannot be validated under the doctrine of estoppel.

To recall, the letter of sequestration in this case was issued by one who has no authority to do so. Clearly, from the aforesaid principle, no estoppel can be predicated on an illegal act. The doctrine of estoppel simply cannot operate to give effect to an act which is otherwise null and void.³⁹ Thus, estoppel has not set in.

³⁶ Id. at 1009.

³⁷ *Republic v. Sandiganbayan*, 663 Phil 212 (2011).

³⁸ 651 Phil. 341 (2010).

³⁹ *Son v. University of Santo Tomas*, 830 Phil. 243 (2018).



The respondents are real parties-in-interest

A real party-in-interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit.⁴⁰ By real interest is meant a present substantial interest, as distinguished from a mere expectancy or a future, contingent, subordinate, or consequential interest.⁴¹

In this case, to prove its ownership over the subject property, the respondents presented a photocopy of the Deed of Absolute Sale⁴² and this was never objected to under the Best Evidence Rule. Settled is the rule that evidence not objected to is deemed admitted and may be validly considered by the court in arriving at its judgment. Courts are not precluded to accept in evidence a mere photocopy of a document when no objection was raised when it was formally offered.⁴³

C&O, as the buyer of the subject property, has a legitimate interest over the same such that it may be considered a real party-in-interest.⁴⁴ As the Court has ruled, to qualify a person to be a real party-in-interest in whose name an action must be prosecuted, he must appear to be the present real owner of the right sought to be enforced.⁴⁵

WHEREFORE, the Petition for Review on Certiorari is **DENIED** and the Sandiganbayan's Decision, dated March 13, 2020, and the Resolution, dated January 5, 2021 in Civil Case No. SB-17-CVL-0002 are **AFFIRMED**.

SO ORDERED.


MARIA FILOMENA D. SINGH
Associate Justice

⁴⁰ SC Administrative Matter No. 19-10-20-SC, March 1, 2021, 2020 Guidelines for the Conduct of the Court-Annexed Mediation (CAM) and Judicial Dispute Resolution (JDR) in Civil Cases.

⁴¹ *Ortigas & Co Ltd. V. Court of Appeals*, 400 Phil. 615 (2000).

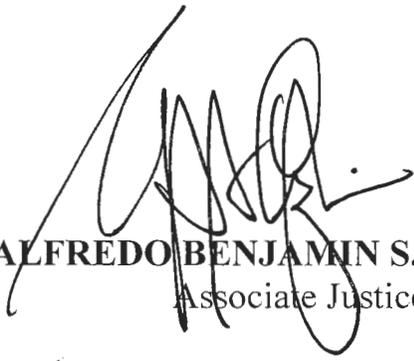
⁴² *Rollo*, pp. 354–356.

⁴³ *Spouses Tapayan v. Martinez*, 804 Phil. 523, 534 (2017).

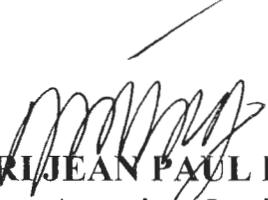
⁴⁴ *Heirs of Gabriel v. Cebrero*, 843 Phil. 53 (2018).

⁴⁵ *Republic v. Heirs of Bernabe and Cooperative Rural Bank of Bulacan*, G.R. No. 237663, October 6, 2020.

WE CONCUR:



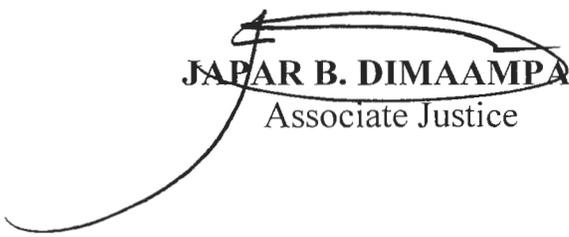
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice



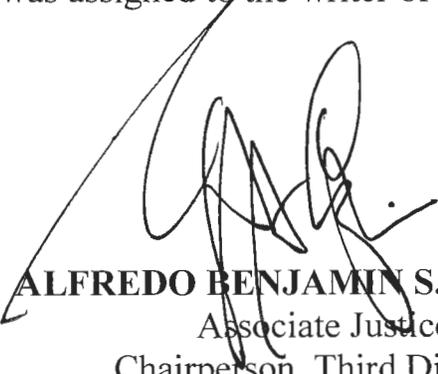
SAMUEL H. GAERLAN
Associate Justice



JAPAR B. DIMAAMPAO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division



CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice