



Republic of the Philippines
Supreme Court

Manila

THIRD DIVISION

**YKR CORPORATION, MA.
TERESA J. YULO-GOMEZ,
JOSE ENRIQUE J. YULO, MA.
ANTONIA J. YULO-LOYZAGA,
JOSE MANUEL J. YULO, MA.
CARMEN J. YULO and JOSE
MARIA J. YULO,**

Petitioners,

G.R. No. 191838

- versus -

**PHILIPPINE AGRI-BUSINESS
CENTER CORPORATION,**

Respondent.

X-----X

**REPUBLIC OF THE
PHILIPPINES,**

Petitioner,

G.R. No. 191863

Present:

- versus -

**PERALTA,* J., Acting Chairperson,
VILLARAMA, JR.,
REYES,
PERLAS-BERNABE,** and
JARDELEZA, JJ.**

**PHILIPPINE AGRI-BUSINESS
CENTER CORPORATION,**

Respondent.

Promulgated:

October 20, 2014

X-----X

DECISION

VILLARAMA, JR., J.:

At bar are two consolidated petitions for review on certiorari of the

* Designated Acting Chairperson per Special Order No. 1815 dated October 3, 2014.

** Designated Acting Member per Special Order No. 1816 dated October 3, 2014.

Resolutions promulgated on June 30, 2009¹ and April 8, 2010² of the Sandiganbayan, 5th Division, in Civil Case No. 0024 entitled *Republic of the Philippines v. Peter Sabido, et al.*, rendering summary judgment in favor of respondent Philippine Agri-Business Center Corporation (PABC).

In G.R. No. 191838, petitioners Yulo King Ranch Corporation (which later changed its name to YKR Corporation and hereafter will be referred to as such) and six out of the ten Yulo heirs raise purely questions of law as they seek to set aside or modify the assailed Resolutions. YKR Corporation is a domestic corporation with office address at C-J Yulo & Sons Building, Pasong Tamo corner Don Bosco Road, Makati City. The six out of the ten Yulo heirs include six out of the nine children and legal heirs of the late spouses Luis A. Yulo and Teresa J. Yulo. The late Luis A. Yulo was one of the original defendants in this civil case. After his death on January 10, 1999, his late wife Teresa J. Yulo and their six children became substitute defendants. Teresa J. Yulo subsequently passed away on July 21, 2008. Petitioners have three other siblings who, according to the petition, “have gone their own separate way[s] when Luis A. Yulo died.”³ The petition further states that “[p]etitioners have no knowledge or information sufficient to form a belief if their siblings are aware of the proceedings in (Sandiganbayan) Civil Case No. 0024, including respondent’s move for a summary judgment and the assailed resolutions of the Sandiganbayan.”⁴ Respondent PABC, a domestic corporation, is a plaintiff-in-intervention in Civil Case No. 0024 which sought, among others, that the Sandiganbayan adjudge it as the true and lawful owner of a real property known as the “Yulo King Ranch” located in Busuanga, Palawan, and order petitioner Republic of the Philippines (Republic) to lift the sequestration and return possession of the subject property to said respondent. The Sandiganbayan issued the assailed Resolutions in its favor.

G.R. No. 191863 is a petition filed by the Republic, represented by the Presidential Commission on Good Government (PCGG). The Republic is the plaintiff in Civil Case No. 0024 – an action for reversion, reconveyance, restitution, accounting and damages. Similar to the petition in G.R. No. 191838, petitioner Republic raises a pure question of law on whether the Sandiganbayan erred in granting respondent PABC’s motion for summary judgment.⁵

The facts are stated in the Resolution⁶ promulgated on June 30, 2009 of the Sandiganbayan:

On 27 September 1988, plaintiff-in-intervention PABC filed a

¹ *Rollo* (G.R. No. 191838), pp. 39-58. Penned by Associate Justice Ma. Cristina G. Cortez-Estrada with Associate Justices Roland B. Jurado and Napoleon E. Inoturan concurring.

² *Id.* at 59-65. Penned by Associate Justice Napoleon E. Inoturan with Associate Justices Roland B. Jurado and Teresita V. Diaz-Baldos concurring.

³ *Id.* at 12.

⁴ *Id.*

⁵ *Rollo* (G.R. No. 191863), p. 18.

⁶ *Supra* note 1.

Motion for Intervention and a Complaint-in-intervention to recover possession (not title) of real properties registered in its name (PABC's Busuanga Properties), located in Busuanga, Palawan, and covered by Transfer Certificate of Title Nos. 6110 and 6111. PABC prayed that: (a) it be adjudged the true and lawful owner of the subject properties; and (b) defendant-in-intervention Republic be ordered to return possession of the subject parcels of land to plaintiff-in-intervention.

In its Complaint-in-intervention, PABC explained that:

1. Among the assets allegedly belonging to defendants-in-intervention Ferdinand E. Marcos and Imelda R. Marcos sought to be forfeited or reconveyed to plaintiff in the instant action is the real property known as the Yulo King Ranch located at Busuanga, Palawan, listed in Annex A of the complaint and the expanded complaint, as part of the properties of defendant-in-intervention Peter Sabido;
2. The property (i.e. Yulo King Ranch) was, prior to sequestration, then controlled by defendant-in-intervention YKR Corporation wherein defendants-in-intervention Sabido and Yulo are the controlling stockholders on record;
3. The Yulo King Ranch includes two (2) parcels of land and all the improvements therein which are owned by the plaintiff-in-intervention;
4. Sometime in 1975, without the knowledge or consent of the plaintiff-in-intervention, the defendant-in-intervention YKR Corporation unlawfully entered into and occupied said two (2) parcels of land and all the improvements thereon which are owned by the plaintiff-in-intervention;
5. On or about 2 April 1986, defendant-in-intervention Republic of the Philippines, through the PCGG, sequestered the Yulo King Ranch and gave the possession and control of all the assets in said ranch, including the two parcels of land owned by plaintiff-in-intervention, to the then Ministry of Agriculture; and
6. Defendant-in-intervention Republic of the Philippines is obligated to x x x return possession of those (2 parcels of) lands to plaintiff-in-intervention which was a victim of the Marcos rule.

On 14 November 1988, the Court issued a Resolution granting PABC's Motion to Intervene and admitting the Complaint-in-intervention. Defendant-in-intervention Republic filed a Motion for Reconsideration, which was denied by the Court in a Resolution dated 4 January 1989.

On 31 January 1989, PABC received Sabido's Answer with Compulsory Counterclaim (to Complaint-in-intervention), wherein Sabido:

1. Denied that he had acted in concert with defendants-in-

intervention Ferdinand E. Marcos and Imelda R. Marcos in illegally acquiring the real property which is the subject of the Complaint-in-intervention, the truth being that at the time of the alleged unlawful act in 1975, defendant-in-intervention Sabido had no involvement directly or indirectly with co-defendants-in-intervention Marcoses and YKR Corporation, much less in the alleged unlawful acquisition of said property;

2. Denied that the Yulo King Ranch forms part of his properties;
3. Admitted that the Republic through the PCGG[,] sequestered the Yulo King Ranch.

On 26 April 2007, PABC served a Request for Admissions on all the defendants-in-intervention, requesting the admission of the following:

- 1.2. Title to the properties [PABC's Busuanga properties] is registered in the name of plaintiff-in-intervention PABC;
- 1.3. The properties are legally and beneficially owned by plaintiff-in-intervention PABC;
- 1.4. The properties have never been registered in the names of any of the defendants-in-intervention;
- 1.5. Plaintiff-in-intervention PABC did not execute any deed or document transferring the ownership or possession of the properties to any of the defendants-in-intervention or to any other person;
- 1.6. Plaintiff-in-intervention PABC is, and has never ceased to be, the true, lawful and registered owner of the properties;
- 1.7. The properties are not assets of defendant-in-intervention YKR;

x x x x

- 1.10. Sometime in 1975, without the knowledge or consent of plaintiff-in-intervention PABC, defendant-in-intervention YKR entered into and occupied the properties and used them for its cattle breeding and dispersal operations;
- 1.11. Defendant-in-intervention YKR possessed and had control of the properties during the time that the Marcos Government declared Martial Law;
- 1.12. Plaintiff-in-intervention PABC demanded that defendant-in-intervention YKR vacate the properties, but the demand was not heeded;
- 1.13. Plaintiff-in-intervention PABC could not take any judicial action without risk to itself and its

stockholders, because they had been warned that defendants-in-intervention YKR and its owners were close to or associated with defendants-in-intervention Marcoses, and that such action would be futile;

- 1.14. Plaintiff-in-intervention PABC could not obtain judicial relief during the Martial Law regime without incurring the ire of the Marcoses and risking retaliation;

x x x x

- 1.17. On or about 2 April 1986, defendant-in-intervention Republic, through the PCGG, sequestered YKR and gave the possession and control of all its assets to the then Ministry of Agriculture.

Defendant-in-intervention Republic filed its “Reply” on 9 May 2007 admitting the following:

1. Prior to the issuance of the Sequestration Order dated 2 April 1986, the properties were possessed by defendants-in-intervention YKR;
2. YKR entered into and occupied the properties and used them for its cattle breeding and dispersal operations;
3. YKR possessed and had control of the properties during the time that the Marcos Government declared Martial Law;
4. On or about 2 April 1986, defendant-in-intervention Republic, through the PCGG, sequestered YKR’s assets and turned over the management and operation of the ranch x x x to the Bureau of Animal Industry;
5. The properties are not assets of defendant-in-intervention YKR.

In the same Reply, Republic denied that: a) the properties are legally and beneficially owned by PABC; b) the properties have never been registered in the names of any of the defendants-in-intervention; and c) PABC is, and has never ceased to be, the true, lawful and registered owner of the properties on account of the existence of Presidential Proclamation No. 1387, entitled “Reserving and Establishing As a Pasture Reserve a Certain Parcel of Land of the Public Domain Situated in the Island of Busuanga, Province of Palawan” and Presidential Decree No. 1297, entitled “Centralizing the Importation of Ruminants for Breeding and Slaughter And Beef”, which placed the entire Busuanga Ranch as reserved grazing public land.

On 11 May 2007, defendants-in-intervention YKR Corporation and seven out of the ten Yulo Heirs filed their Answer to the Request for Admissions, wherein they answered that they cannot truthfully admit or deny the following matters:

1. Title to the properties is registered in the name of

plaintiff-in-intervention PABC;

2. The properties are legally and beneficially owned by plaintiff-in-intervention PABC;
3. The properties have never been registered in the names of any of the defendants-in-intervention;
4. Plaintiff-in-intervention PABC did not execute any deed or document transferring the ownership or possession of the properties to any of the defendants-in-intervention or to any other person;
5. Plaintiff-in-intervention PABC is, and has never ceased to be, the true, lawful and registered owner of the properties;
6. The properties are not assets of defendant-in-intervention YKR;
7. Prior to the issuance of the Sequestration Order dated 2 April 1986, the properties were possessed by defendants-in-intervention YKR;
8. Sometime in 1975, without the knowledge or consent of plaintiff-in-intervention PABC, defendant-in-intervention YKR entered into and occupied the properties and used them for its cattle breeding and dispersal operations;
9. Defendants-in-intervention YKR possessed and had control of the properties during the time that the Marcos Government declared Martial Law.

According to YKR Corporation and seven out of the ten Yulo Heirs, a truthful admission or denial of the above-stated matters could not be made because all the records of YKR Corporation have been taken by the PCGG when it was sequestered.

On the other hand, [d]efendant-in-intervention Sabido did not answer PABC's Request for Admissions despite due notice.

In their Motion for Summary Judgment pursuant to Section 1, Rule 35 of the Revised Rules of Court, plaintiff-in-intervention PABC contends that:

1. There is no genuine issue that defendant-in-intervention Sabido has any interest in the Busuanga Properties, as he has admitted or should be deemed to have admitted PABC's title over the same. Having failed to file an answer to PABC's Request for Admissions, Sabido is deemed to have admitted each of the matters of which an admission is requested, pursuant to Rule 26, Section 2, of the Rules of Court.
2. There is no genuine issue that YKR Corporation and seven out of the ten Yulo Heirs have any interest in the Busuanga Properties, as they have not validly denied PABC's title over the same. Defendants-in-intervention YKR Corporation and seven out of the ten Yulo Heirs neither admitted nor denied most of the facts stated in PABC's Request for Admissions, including PABC's ownership of the Busuanga Properties, on

the ground that all records of YKR Corporation have been taken by the PCGG when it was sequestered. Furthermore, PABC contends that YKR Corporation and seven out of the ten Yulo Heirs' Answer is obviously evasive and cannot be considered a specific denial considering that they do not expressly admit or deny PABC's ownership of the Busuanga Properties – a matter which, even without the records, ought to be within their personal knowledge. PABC concludes that YKR Corporation and seven out of the ten Yulo Heirs' response is in the nature of a negative pregnant which is equivalent to an admission, it being pregnant with admissions of the substantial facts alleged in the Request for Admission of PABC.

3. There is no genuine issue that the Republic has any interest in the Busuanga Properties, as it has not validly denied PABC's title over the same. PABC contends that the provisions of Presidential Proclamation No. 1387 and Presidential Decree No. 1297 are not inconsistent with and do not affect PABC's registered title to the Busuanga Properties; and as such, the Republic should be deemed to have failed to specifically deny the matters stated in PABC's Request for Admissions, including PABC's registered title to the Busuanga Properties. Moreover, Presidential Proclamation No. 1387 was issued only on 13 February 1975, or many decades after the Busuanga Properties were originally registered in the Register of Deeds of Palawan, as private properties on 1 July 1916 and 21 May 1919, respectively. Likewise, Presidential Decree No. 1297 does not contain anything that would support the PCGG's claim of ownership over the Busuanga Properties. In fact, Presidential Decree No. 1297 provides that the approximately 40,000 hectares of grazing land located in Busuanga, Palawan, are placed under the management of King Ranch pursuant to a Technical Assistance Agreement. Thus, Presidential Decree No. 1297 also shows that YKR Corporation never had title to these properties.

4. There is no genuine issue that the Busuanga Properties are either ill-gotten wealth or sequestered assets. Since the Republic admits that the Busuanga Properties are neither ill-gotten nor sequestered, then the PCGG which was created and tasked to recover ill-gotten wealth of the Marcoses and their associates, had absolutely no authority to take possession of the Busuanga Properties on the basis of Presidential Proclamation No. 1387 and Presidential Decree No. 1297, considering that the laws defining the statutory authority of the PCGG, Executive Order Nos. 1, 2 and 14, state that the PCGG can only seize and recover ill-gotten wealth accumulated by former President Ferdinand E. Marcos, his immediate family, relatives and close associates. It is the Solicitor General and not the PCGG which is the government agency tasked to resolve issues of whether a real property is land of the public domain under Presidential Proclamation No. 1387 and Presidential Decree No. 1297 and whether PABC's titles to the property are invalid.

On the other hand, defendants YKR Corporation and seven out of the ten Heirs of the Late Luis A. Yulo filed their "OPPOSITION TO MOTION FOR SUMMARY JUDGMENT" and argued that the motion for summary judgment filed by plaintiff-in-intervention PABC is not proper considering that herein defendants have not filed an answer to the complaint-in-intervention.

In its Reply, PABC claims that the contention raised by defendants is lacking in merit. It asserts that this Court, in a Resolution dated 28

November 1991, already ruled that the filing of answers to PABC's Complaint-in-intervention is only permissive and not mandatory, citing Rule 12, Section 2(c), of the former Rules of Court, hence, the non-filing of such an answer cannot be a valid basis to oppose the Motion for Summary Judgment; secondly, YKR Corporation and seven out of the ten Yulo Heirs are estopped from claiming that they have the right to file an answer to PABC's complaint-in-intervention and from relying on their choice to not file an answer as a basis for opposing the Motion for Summary Judgment. PABC further contends that YKR and seven out of the ten Yulo Heirs' Answer to PABC's Request for Admissions provides sufficient basis for the rendition of a summary judgment as they actually already responded to PABC's allegations and causes of action therein.

For its part, plaintiff Republic filed a Comment/Opposition wherein it argues that the Busuanga Breeding and Experimental Station (BBES) in Busuanga, Palawan, is not a sequestered asset because it belongs to the government pursuant to Presidential Proclamation No. 1387 and Presidential Decree No. 1297 which placed the same as reserved grazing public land. It also added that the term Busuanga Properties, as used by PABC, is misleading. Said term tends to encompass all the properties located in the BBES such as the land and all the improvements thereon, including all the assets and properties of YKR Corporation which were sequestered by the PCGG, when, in fact, PABC's claim is confined only to two (2) parcels of land situated within the BBES in Busuanga, Palawan, and does not include the assets and properties of YKR Corporation. Plaintiff Republic also noted that its interest in the subject land finds basis not from a Sequestration Order but from Presidential Proclamation No. 1387 and Presidential Decree No. 1297 which classified the BBES as a reserved grazing public land, and pointed out that these laws came before the subject lands were registered in the name of PABC on 12 May 1975, hence, whatever rights PABC may have acquired thereon must be subjected to the rights of the government, as conferred by the above-mentioned laws. It further emphasized that PABC's claim that the Republic's denials relating to PABC's ownership of the subject lands are in the nature of a negative pregnant, is erroneous, considering that the Republic has denied all of the PABC's allegations relating to its ownership of the said parcels of land by invoking the provisions of Presidential Proclamation No. 1387, Presidential Decree No. 1297 and Presidential Decree No. 1593.

Secondly, Republic contends that the Sandiganbayan is not the proper court to decide PABC's claim of ownership over the subject land considering that under Republic Act No. 7975, the Sandiganbayan does not have the power and jurisdiction to determine ownership of land not falling within the civil cases filed pursuant to and in connection with Executive Order Nos. 1, 2, 14 and 14-a.

In its Reply to Republic's Comment/Opposition, PABC reiterated its arguments and insisted that it is clear that the PCGG did not have authority to seize control and possession of the Busuanga Properties pursuant to Presidential Proclamation No. 1387 and Presidential Decree No. 1297, and further stressed that the Republic has never denied that it was PCGG and not another government agency which actually seized possession of the Busuanga Properties and that the Republic, through the PCGG, took possession of the same by reason of the inapplicable Sequestration Order dated 2 April 1986 and not because of Presidential Proclamation No. 1387 and Presidential Decree No. 1297. PABC claims

that it does not need to file any action to prove its ownership of the Busuanga Properties, because it is clear and undisputed that PABC is the registered owner by virtue of its Transfer Certificate of Title Nos. 6110 and 6111 dated 12 May 1975, which are presumed to be valid and binding on the whole world.⁷

The Sandiganbayan granted the motion. In its assailed Resolution promulgated on June 30, 2009, the court *a quo* stated, *viz.*:

When the pleadings on file show that there are no genuine issues of fact to be tried, the Rules of Court allows a party to obtain immediate relief by way of summary judgment. Rule 35 of the Rules of Court which gives authority to trial courts to grant relief by summary judgment is intended to expedite or promptly dispose of cases where the facts appear undisputed and certain from the pleadings, admissions and affidavits. That is, when the facts are not in dispute, the court is allowed to decide the case summarily by applying the law to the material facts. In other words, in a motion for summary judgment, the crucial question is: are the issues raised in the pleadings genuine, sham or fictitious, as shown by affidavits, depositions or admissions accompanying the motion?⁸

The Sandiganbayan ruled that there was no genuine issue of fact in the case at bar since none of the parties to whom the Request for Admissions was served by respondent PABC specifically denied the latter's ownership over the subject properties. The court *a quo* formulated the following conclusions:

1. Since respondent Sabido failed to file an answer to respondent PABC's Request for Admissions, the court considered him to have impliedly admitted each of the matters to which an admission was requested.

2. For petitioners YKR Corporation and then seven out of the ten Yulo heirs, they did not make a categorical admission or denial of the matters set forth in the Request for Admissions "allegedly because all the records of YKR have been taken by the PCGG when it was sequestered."⁹ The court *a quo*, while conceding that this form of response to the Request for Admissions is allowed by the Rules of Court, found the reason given to be "unconvincing because the matters requested for admission ought to be within the personal knowledge of YKR Corporation and seven out of the ten Yulo Heirs."¹⁰

3. Petitioner Republic, claiming a superior right to the subject properties by virtue of Presidential Proclamation No. 1387 and Presidential Decree No. 1297 (PD 1297), asserted that whatever rights PABC may have acquired on the properties "must yield to or at least be subjected to the rights of the government, as conferred by [the cited laws] which came before the

⁷ Id. at 40-47.

⁸ Id. at 47-48. Citations omitted.

⁹ Id. at 48.

¹⁰ Id.

subject lands were registered in the name of PABC on 12 May 1975.”¹¹ On this form of answer, the court *a quo* concluded that “[e]ven plaintiff Republic did not specifically deny PABC’s title to the properties.”¹² Petitioner Republic also questioned the jurisdiction of the Sandiganbayan to determine the ownership of the subject lands under Republic Act No. 7975,¹³ where the Sandiganbayan allegedly does not have the power and jurisdiction to determine ownership of land not falling within the civil cases filed under Executive Orders Nos. 1, 2, 14 and 14-a. The Republic contended that since the subject properties are neither ill-gotten wealth nor sequestered assets as they are reserved grazing public lands belonging to the government pursuant to Presidential Proclamation No. 1387 and PD 1297, the Sandiganbayan does not have jurisdiction to resolve any claim of ownership involving the subject properties.

Based on the foregoing conclusions of the court *a quo*, it ruled that it was evident that no genuine issues of fact existed in the case at bar, especially as to respondent PABC’s ownership of the subject lands. It granted the motion for summary judgment and decided the instant case on the conclusion that the instant controversy posed only pure questions of law, as follows:

1. Whether or not the Court has jurisdiction to resolve PABC’s claim over the subject lands; and
2. Whether or not the government has a superior right than that of PABC’s over the subject properties by virtue of Presidential Proclamation No. 1387 and Presidential Decree No. 1297.¹⁴

According to the court *a quo*, the resolution of these issues does not require an examination of the evidence of the parties, but only “entail[s] an application of prevailing laws to the particular facts of the instant case.”¹⁵

Anent the first issue, the court held that it has exclusive and original jurisdiction over all civil or criminal cases involving the PCGG regarding the “Funds, Moneys, Assets, and Properties Illegally Acquired or Misappropriated by Former President Ferdinand Marcos, Mrs. Imelda Romualdez Marcos, and their Close Relatives, Subordinates, Business Associates, Dummies, Agents, or Nominees,” and all incidents arising from, incidental to, or related to, such cases, subject to review on certiorari exclusively by the Supreme Court.¹⁶ It further held that it also has jurisdiction to determine whether the PCGG “has gravely abused its discretion or has overstepped the boundaries of the power conferred upon it by law”¹⁷ – as in this case where at issue is the propriety of the PCGG’s

¹¹ Id. at 49.

¹² Id.

¹³ Id.

¹⁴ Id.

¹⁵ Id.

¹⁶ Id. at 50-51, citing *First Philippine Holdings Corporation v. Sandiganbayan*, 323 Phil. 36, 49 (1996). See Sec. 2, Executive Order No. 14, issued on May 7, 1986.

¹⁷ Id. at 53.

take-over of the subject parcels of land and their subsequent turn-over to the Bureau of Animal Industry pursuant to Presidential Proclamation No. 1387 and PD 1297.¹⁸

On the issue of ownership, the court *a quo* upheld respondent PABC's titles to the parcels of land based on Transfer Certificates of Title (TCTs) Nos. 6110 and 6111 dated May 12, 1975 issued in its name. The court *a quo* considered these TCTs as "uncontroverted evidence proving PABC's ownership" over the subject properties. The court based its ruling on PD 1297 and especially on the following provision of Presidential Proclamation No. 1387 which states, *viz.*:

Upon the recommendation of the Secretary of Natural Resources, and pursuant to the authority vested in me by law, I, FERDINAND E. MARCOS, President of the Philippines, do hereby withdraw from sale, settlement or any other form of disposition, exploration or exploitation, and reserve as a pasture reserve, **subject to private rights**, if any there be, a certain parcel of land of the public domain situated in the island of Busuanga, Province of Palawan, x x x.¹⁹

The Sandiganbayan construed the phrase "subject to private rights" in the above-quoted provision to mean "private rights that were acquired before the issuance of said proclamation on 13 February 1975."²⁰ Petitioner Republic counterclaimed that these laws were issued by the executive department before the subject properties were registered in the name of respondent PABC, hence, "whatever rights PABC may have acquired on the properties must necessarily yield, or at least be subjected to the rights of the government."²¹ The court *a quo* resolved the parties' conflicting claims as follows:

x x x Nonetheless, while it is true that PABC's Certificates of Title to the properties were registered in its name only on 12 May 1975, PABC's predecessors-in-interest have already acquired private rights over the subject lands upon issuance of Original Certificates of Title in the name of said predecessors-in-interest as early as 1 July 1916 and 21 May 1919, or more than 50 years before the issuance of Presidential Proclamation No. 1387, as reflected in PABC's Transfer Certificate[s] of Title Nos. 6110 and 6111. Evidently, as early as 1916 and 1919, the subject lands were already under the private ownership of PABC's predecessors-in-interest, and no longer part of the lands of the public domain.

Consequently, given that the very law cited by plaintiff Republic provides that its provisions and operation are subject to private rights, hence, the government must necessarily yield to the private rights of PABC's predecessors-in-interest over the parcels of land as vested by their titles to the property which they acquired decades before the reservation of said land as pasture reserve. Among these rights which said predecessors-in-interest may exercise is the disposition and transfer of said land in favor

¹⁸ Id. at 52.

¹⁹ See Presidential Proclamation No. 1387. Emphasis supplied.

²⁰ *Rollo* (G.R. No. 191838), p. 57, citing *Republic v. Chanco*, 242 Phil. 398, 401 (1988).

²¹ Id.

of PABC. And by virtue of said transfer of title over the subject land, PABC has acquired all vested rights which its predecessors-in-interest exercised over said property, which rights are recognized and respected by Presidential Proclamation No. 1387. Hence, the withdrawal from sale, settlement or any other form of disposition, exploration or exploitation, and the subsequent reservation as a pasture reserve of the described parcel of land situated in the island of Busuanga, Palawan, as ordered by Presidential Proclamation No. 1387, cannot be made to apply to the titled property belonging to PABC as the same no longer forms part of the lands of the public domain.²²

With the foregoing disquisitions, the Sandiganbayan ruled in its assailed June 30, 2009 Resolution, *viz.*:

WHEREFORE, premises considered, the instant Motion for Summary Judgment is hereby **GRANTED**. Philippine Agri-Business Center Corporation is hereby declared the lawful owner of the real properties located in Busuanga, Palawan, covered by Transfer Certificate of Title Nos. 6110 and 6111. Plaintiff Republic of the Philippines is hereby ordered to return possession of said properties to Philippine Agri-Business Center Corporation.

SO ORDERED.²³

Both petitioners moved for reconsideration and prayed that the June 30, 2009 Resolution be set aside and a new one be issued denying respondent PABC's Motion for Summary Judgment for lack of merit. Both motions were denied in the assailed Resolution promulgated on April 8, 2010, *viz.*:

WHEREFORE, the Motion for Reconsideration dated July 20, 2009 filed by defendants-in-intervention YKR Corporation and six out of the ten legal heirs of the late Luis A. Yulo, and the Motion for Reconsideration dated July 21, 2009 filed by the Plaintiff, Republic of the Philippines, are both denied, and the Resolution dated June 18, 2009 stands.

SO ORDERED.²⁴

Petitioners now come before this Court raising similar grounds for review. In a Resolution issued by the Court on August 11, 2010, the petitions at bar were consolidated "to avoid conflicting rulings in similar cases brought before this Court for resolution considering that the petitions in both cases involve the same parties and similar facts and assail the same Sandiganbayan resolutions in Civil Case No. 0024."²⁵

In G.R. No. 191838, petitioners YKR Corporation and six out of the ten Yulo heirs raised the following issues:

²² Id. at 57-58.

²³ Id. at 58.

²⁴ Id. at 64.

²⁵ *Rollo* (G.R. No. 191863), p. 334.

- [I.] THE SANDIGANBAYAN DISREGARDED THE LAW AND APPLICABLE JURISPRUDENCE IN RENDERING SUMMARY JUDGMENT AGAINST PETITIONERS.
- [II.] THE SANDIGANBAYAN HAS NO JURISDICTION OVER THE COMPLAINT-IN-INTERVENTION.²⁶

In G.R. No. 191863, petitioner Republic assigned a lone error:

WITH ALL DUE RESPECT, THE SANDIGANBAYAN ERRED IN LAW WHEN IT GRANTED RESPONDENT'S MOTION FOR SUMMARY JUDGMENT EVEN IF THE SAME IS NOT SUPPORTED BY DEPOSITION, AFFIDAVIT OR ADMISSION ON THE RECORDS.²⁷

We grant the petitions.

The 1997 Rules of Civil Procedure, as amended, states the following provisions on summary judgments under Rule 35:

SECTION 1. *Summary judgment for claimant.* – A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory relief may, at any time after the pleading in answer thereto has been served, move with supporting affidavits, depositions or admissions for a summary judgment in his favor upon all or any part thereof.

SEC. 2. *Summary judgment for defending party.* – A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory relief is sought may, at any time, move with supporting affidavits, depositions or admissions for a summary judgment in his favor as to all or any part thereof.

SEC. 3. *Motion and proceedings thereon.* — The motion shall be served at least ten (10) days before the time specified for the hearing. The adverse party may serve opposing affidavits, depositions, or admissions at least three (3) days before the hearing. After the hearing, the judgment sought shall be rendered forthwith if the pleadings, supporting affidavits, depositions, and admissions on file, show that, except as to the amount of damages, there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.

The disposition of a civil action *via* summary judgment is a method sanctioned under the Rules where there exists no question or controversy as to the material facts. Thus, when a party moves for summary judgment, this is premised on the assumption that a scrutiny of the facts will disclose that the issues presented need not be tried either because these are patently devoid of substance or that there is no genuine issue as to any pertinent fact. A judgment on the motion must be “rendered forthwith if the pleadings, supporting affidavits, depositions, and admissions on file show that, except as to the amount of damages, there is no genuine issue and that the moving

²⁶ *Rollo* (G.R. No. 191838), p. 21.

²⁷ *Rollo* (G.R. No. 191863), p. 18.

party is entitled to a judgment as a matter of law.”²⁸ The case of *Viajar v. Judge Estenzo*²⁹ incisively explains the rationale for this sanctioned, albeit expedited, procedure:

Relief by summary judgment is intended to expedite or promptly dispose of cases where the facts appear undisputed and certain from the pleadings, depositions, admissions and affidavits. But if there be a doubt as to such facts and there be an issue or issues of fact joined by the parties, neither one of them can pray for a summary judgment. Where the facts pleaded by the parties are disputed or contested, proceedings for a summary judgment cannot take the place of a trial.³⁰

In the same case, the Court expounded that caution must be exercised when courts dispose of a civil case *via* summary judgment because this procedural device does away with trial and deprives parties the opportunity to present their evidence in court, *viz.*:

An examination of the Rules will readily show that a summary judgment is by no means a hasty one. It assumes a scrutiny of facts in a *summary hearing* after the filing of a motion for summary judgment by one party supported by affidavits, depositions, admissions, or other documents, with notice upon the adverse party who may file an opposition to the motion supported also by affidavits, depositions, or other documents (Section 3, Rule 34). In spite of its expediting character, relief by summary judgment can only be allowed after compliance with the minimum requirement of vigilance by the court in a summary hearing considering that this remedy is in derogation of a party’s right to a plenary trial of his case. At any rate, a party who moves for summary judgment has the burden of demonstrating clearly the absence of any genuine issue of fact, or that the issue posed in the complaint is so patently unsubstantial as not to constitute a genuine issue for trial, and any doubt as to the existence of such an issue is resolved against the movant.³¹

To determine whether summary judgment was properly rendered by the court *a quo*, we shall examine if the following requisites under Rule 35 of the Rules obtain in the case at bar, *viz.*:

1. there must be no genuine issue as to any material fact, except for the amount of damages; and
2. the party presenting the motion for summary judgment must be entitled to a judgment as a matter of law.

A “genuine issue of fact” is an issue “which requires the presentation of evidence as distinguished from a sham, fictitious, contrived or false claim. When the facts as pleaded appear uncontested or undisputed, then there is no real or genuine issue or question as to the facts, and summary judgment is called for. The party who moves for summary judgment has the burden of demonstrating clearly the absence of any genuine issue of fact, or that the

²⁸ *Raboca v. Velez*, 395 Phil. 770, 774-775 (2000). Citations omitted.

²⁹ 178 Phil. 561 (1979).

³⁰ Id. at 572-573.

³¹ Id. at 573. Citations omitted.

issue posed in the complaint is patently unsubstantial so as not to constitute a genuine issue for trial. x x x When the facts as pleaded by the parties are disputed or contested, proceedings for summary judgment cannot take the place of trial.”³²

A prudent examination of the evidence on record yields to no other conclusion that there exists a genuine issue of fact as raised in both petitions.

In G.R. No. 191838, petitioners YKR Corporation and then seven out of the ten Yulo heirs responded to the Request for Admissions by making no categorical admission or denial of the matters set forth in the Request for Admissions allegedly because all the records of YKR Corporation have been taken by the PCGG when they were sequestered. This answer is a permissible way of making a specific denial under the Rules. In Section 10, Rule 8 thereof, there are three ways of making a specific denial: (1) by specifying each material allegation of the fact in the complaint, the truth of which the defendant does not admit, and whenever practicable, setting forth the substance of the matters which he will rely upon to support his denial; (2) by specifying so much of an averment in the complaint as is true and material and denying only the remainder; and, (3) by stating that the defendant is without knowledge or information sufficient to form a belief as to the truth of a material averment in the complaint, which has the effect of a denial.³³

With respect to the aforesaid third form of denial, this Court ruled in *Philippine Bank of Communications v. Court of Appeals*³⁴ that the defendant’s contention that it had no knowledge or information sufficient to form a belief as to the truth of the deed of exchange was an invalid or ineffectual denial pursuant to the Rules of Court, as it could have easily asserted whether or not it had executed the deed of exchange attached to the petition. Citing *Capitol Motors Corporations v. Yabut*,³⁵ the Court stated that:

x x x The rule authorizing an answer to the effect that the defendant has no knowledge or information sufficient to form a belief as to the truth of an averment and giving such answer the effect of a denial, does not apply where the fact as to which want of knowledge is asserted, is so **plainly and necessarily within the defendant’s knowledge** that his averment of ignorance must be palpably true.³⁶ (Emphasis supplied.)

The court *a quo*, while it recognized that the response given by YKR Corporation and the then seven out of the ten Yulo heirs is allowed by the Rules, did not accept the specific denial and ruled that there existed no

³² *Philippine Bank of Communications v. Go*, G.R. No. 175514, February 14, 2011, 642 SCRA 693, 705-706.

³³ *Id.* at 707.

³⁴ G.R. No. 92067, March 22, 1991, 195 SCRA 567, 574, as cited in *Philippine Bank of Communications v. Go*, G.R. No. 175514, February 14, 2011, 642 SCRA 693, 717.

³⁵ No. L-28140, March 19, 1970, 32 SCRA 1, 4-5.

³⁶ *Philippine Bank of Communications v. Go*, supra note 34.

genuine issue of fact because despite the sequestration by the PCGG of YKR's records, the matters "ought to be within the personal knowledge of YKR Corporation and [the then] seven out of the ten Yulo heirs."³⁷ On this issue, we agree with petitioners YKR Corporation and the remaining six out of the ten Yulo heirs that the Sandiganbayan erred when it issued an unsubstantiated statement that the matters requested for admission in respondent PABC's Request for Admission "ought to be within the personal knowledge" of YKR Corporation and the then seven out of the ten Yulo heirs, without citing any basis both in fact and in law. We quote the relevant portion of the assailed Resolution promulgated on June 30, 2009 of the court *a quo*:

In the case at bar, none of the parties to whom a Request for Admissions was served by PABC have specifically denied PABC's ownership over the subject properties. x x x On the other hand, YKR Corporation and seven out of the ten Yulo Heirs made no categorical admission or denial of the matters set forth in the Request for Admissions allegedly because all the records of YKR have been taken by the PCGG when it was sequestered. Although this form of response to a Request for Admissions is allowed by the Rules, the reason given by YKR Corporation and seven out of the ten Yulo Heirs that a truthful admission or denial of the matters set forth in the Request for Admissions cannot be made because all the records of YKR have been taken by the PCGG when it was sequestered is unconvincing because the matters requested for admission ought to be within the personal knowledge of YKR Corporation and seven out of the ten Yulo Heirs.³⁸

In ruling on the issue of whether a genuine issue of fact exists, there was no mention of any circumstance or situation upon which the court *a quo* derived its conclusion that the matters requested for admission "ought to be within the *personal knowledge*" of YKR Corporation and seven out of the ten Yulo Heirs. We cannot thus properly ascertain whether the facts which the latter could not make any truthful admission or denial are so *plainly and necessarily within their knowledge*. The only other instance that the court *a quo* discussed this issue was in the following quoted paragraph of its assailed Resolution promulgated on April 8, 2010, *viz.*:

If indeed YKR or the Yulo heirs have any right or interest in the properties covered by Transfer Certificates of Title Nos. 6110 and 6111 of the Register of Deeds of Palawan, then they ought to have made allegations of any knowledge or information as to the nature of such right or interest, or at the very least denied PABC's ownership or right to possession over the subject properties, in their Answer to Request for Admissions of PABC dated May 11, 2007. x x x³⁹

Considering that petitioners YKR Corporation and the remaining six out of the ten Yulo heirs were deprived of their day in court, the court *a quo* should have made its ruling as to the non-existence of genuine issues of fact by clearly stating its basis both in fact and in law and not on purely

³⁷ *Rollo* (G.R. No. 191838), p. 48.

³⁸ *Id.*

³⁹ *Id.* at 62.

conjectural determinations, *i.e.*, that “the matters requested for admission ought to be within the personal knowledge of YKR Corporation and [the then] seven out of the ten Yulo Heirs”⁴⁰ and that “they ought to have made allegations of any knowledge or information as to the nature of such right or interest, or at the very least denied PABC’s ownership or right to possession over the subject properties.”⁴¹ To be sure, YKR Corporation and the then seven out of the ten Yulo heirs tendered an answer which is a permissible form of making a specific denial under Section 10, Rule 8 of the Rules. The court *a quo* itself stated in the assailed June 30, 2009 Resolution that “this form of response to a Request for Admissions is allowed by the Rules.”⁴² Even respondent PABC – the party that moved for summary judgment and which has the burden to prove that there are no genuine issues of fact in the case at bar – did not submit any supporting affidavits, depositions or admissions to prove that the matters requested for admission “ought to be within the personal knowledge of YKR Corporation and [the then] seven out of the ten Yulo Heirs.”⁴³

There also exists a genuine issue of fact as to petitioner Republic.

In the assailed Resolution promulgated on June 30, 2009, the court *a quo* stated, *viz.*:

Even plaintiff Republic did not specifically deny PABC’s title to the properties, but instead claims a superior right to the subject properties by virtue of Presidential Proclamation No. 1387 and Presidential Decree No. 1297. Plaintiff Republic argues that whatever rights PABC may have acquired on the property must yield to or at least be subjected to the rights of the government, as conferred by Presidential Proclamation No. 1387 and Presidential Decree No. 1297 which came before the subject lands were registered in the name of PABC on 12 May 1975. x x x⁴⁴

We do not agree. Petitioner Republic tendered a specific denial as required under Section 10, Rule 8 of the 1997 Rules of Civil Procedure, as amended, *viz.*:

REPLY [TO REQUEST FOR ADMISSION NO. 1.1.] – Plaintiff cannot truthfully affirm or deny the Request No. 1.1 because the land subject matter thereof forms part and parcel of the land specially declared by Presidential Proclamation No. 1387 (Reserving and Establishing As A Pasture Reserve A Certain Parcel Of Land Of The Public Domain Situated In The Island Of Busuanga, Province Of Palawan) and Presidential Decree No. 1297 (Centralizing The Importation Of Ruminants For Breeding And Slaughter And Beef) as reserved land intended for grazing purposes.⁴⁵

The court *a quo* ruled that even the very law cited by petitioner Republic states that its provisions and operation are “subject to private rights,” so the

⁴⁰ Id. at 48.

⁴¹ Id. at 62.

⁴² Id. at 48.

⁴³ Id.

⁴⁴ Id. at 49.

⁴⁵ *Rollo* (G.R. No. 191863), p. 213.

government must yield to the private rights of respondent PABC's predecessors-in-interest over the parcels of land as vested by their titles to the subject properties. The court *a quo* noted that respondent PABC's predecessors-in-interest acquired their titles decades before the subject land was declared as a pasture reserve. According to the assailed June 30, 2009 Resolution, when these predecessors-in-interest transferred the subject land in favor of respondent PABC, the private rights transferred to the latter must be recognized and respected under Presidential Proclamation No. 1387. The court *a quo* thus concluded that "the withdrawal from sale, settlement or any other form of disposition, exploration or exploitation, and the subsequent reservation as a pasture reserve of the described parcel of land situated in the island of Busuanga, Palawan, as ordered by Presidential Proclamation No. 1387, cannot be made to apply to the titled property belonging to PABC as the same no longer forms part of the lands of the public domain."⁴⁶ The Sandiganbayan stated, *viz.*:

x x x Nonetheless, while it is true that PABC's Certificates of Title to the properties were registered in its name only on 12 May 1975, PABC's predecessors-in-interest have already acquired private rights over the subject lands upon issuance of the Original Certificates of Title in the name of said predecessors-in-interest as early as 1 July 1916 and 21 May 1919, or more than 50 years before the issuance of Presidential Proclamation No. 1387, as reflected in PABC's Transfer Certificate[s] of Title Nos. 6110 and 6111. Evidently, as early as 1916 and 1919, the subject lands were already under the private ownership of PABC's predecessors-in-interest, and no longer part of the lands of the public domain.⁴⁷

We disagree.

While the Sandiganbayan correctly pointed out that, on their face, the original certificates of title – from which the transfer certificates of title of respondent PABC were derived – were issued in the name of respondent PABC's predecessors-in-interest as early as July 1, 1916 and May 21, 1919, evidence is still required to prove that the "private rights" acquired by respondent PABC are superior over the rights of petitioner Republic which also claims to have a better right over the same properties by virtue of Presidential Proclamation No. 1387 and PD 1297. To be sure, respondent PABC's Motion for Summary Judgment⁴⁸ was not supported by "supporting affidavits, depositions or admissions"⁴⁹ as stated under the Rules. Without clear, positive and absolute evidence that respondent PABC has a better right than petitioner Republic, such "genuine issue of fact" could not be resolved because we simply do not have the facts to rule on the issue.

Finally, petitioners YKR Corporation and six out of the ten Yulo heirs raise the issue that the Sandiganbayan did not have jurisdiction to entertain

⁴⁶ *Rollo* (G.R. No. 191838), p. 58.

⁴⁷ *Id.* at 57.

⁴⁸ Records, Vol. 41, pp. 293-317.

⁴⁹ 1997 RULES OF COURT, Rule 35, Sec. 1.


respondent PABC's Complaint-in-Intervention⁵⁰ dated August 31, 1988. It is now too late in the day for petitioners to raise the issue of jurisdiction over a complaint-in-intervention that was filed 26 years ago. Petitioners should have raised the alleged jurisdictional defect at the earliest possible opportunity when respondent PABC filed its Motion for Intervention⁵¹ and the subject Complaint-in-Intervention. However, instead of filing an opposition to the court *a quo*'s admission of the Complaint-in-Intervention, petitioners even filed their Answer to Request for Admissions of PABC⁵² on May 11, 2007, their Opposition to Motion for Summary Judgment⁵³ on January 21, 2008, and their Motion for Reconsideration (Re: Resolution dated June 18, 2009)⁵⁴ on July 20, 2009. It is of no moment that petitioners did not file an answer to the Complaint-in-Intervention. As respondent PABC correctly pointed out, *viz.*:

The Sandiganbayan ruled 22 years ago that unless allowed to intervene, PABC "may not have any other logical or practical remedy for the protection of its rights in view of the extraordinary scope and nature of the instant sequestration proceedings." Petitioners never questioned said ruling – until now, 22 long years after. Clearly, petitioners are estopped from assailing the said ruling by the Sandiganbayan, which has long been final.⁵⁵

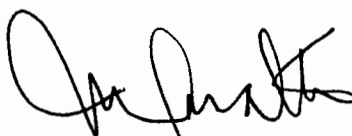
WHEREFORE, in view of the foregoing, the consolidated petitions for review are **GRANTED**. The Resolutions promulgated on June 30, 2009 and April 8, 2010 of the Sandiganbayan, 5th Division, in Civil Case No. 0024, are **REVERSED** and **SET ASIDE**. The case is hereby **REMANDED** to the Sandiganbayan for further proceedings with **DELIBERATE DISPATCH**.

No pronouncement as to costs.

SO ORDERED.


MARTIN S. VILLARAMA, JR.
Associate Justice

WE CONCUR:


DIOSDADO M. PERALTA
Associate Justice
Acting Chairperson

⁵⁰ *Rollo* (G.R. No. 191838), pp. 107-115.

⁵¹ *Records*, Vol. 2, pp. 781-784.


⁵² *Rollo* (G.R. No. 191838), pp. 215-218.

⁵³ *Id.* at 242-244.

⁵⁴ *Id.* at 253-260.

⁵⁵ *Id.* at 320. Citation omitted. Underscoring in the original.



BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


FRANCIS H. JARDELEZA
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.


DIOSDADO M. PERALTA
Associate Justice
Acting Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the 1987 Constitution and the Division Acting 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.


MARIA LOURDES P. A. SERENO
Chief Justice

