Republic of the Philippines
Supreme Court
Manila

EN BANC

THE COMMISSION ON AUDIT, represented by its Chairman, THE BUREAU OF INTERNAL REVENUE, represented by its Commissioner, and THE BUREAU OF CUSTOMS, represented by its Commissioner,
Petitioners,

G.R. No. 188760

-versus-

HON. SILVINO T. PAMPILO, JR., in his capacity as Presiding Judge of the Regional Trial Court, Manila, Branch 26, SOCIAL JUSTICE SOCIETY and VLADIMIR ALARIQUE T. CABIGAO,
Respondents;

PANGKALAHATANG SANGGUNIAN MANILA AND SUBURBS DRIVER'S ASSOCIATION NATIONWIDE (PASANG MASDA), INCORPORATED,
Respondent-Intervenor;

PILIPINAS SHELL PETROLEUM CORPORATION, CALTEX PHILIPPINES, INC., AND PETRON CORPORATION,
Necessary Parties.

x---------------------------------x

CHEVRON PHILIPPINES, INC.,
Petitioner,

-versus-

HON. SILVINO T. PAMPILO, JR., Presiding Judge, Regional Trial Court of Manila, Branch 26, SOCIAL JUSTICE SOCIETY and VLADIMIR ALARIQUE T. CABIGAO,
Respondents;

PANGKALAHATANG SANGGUNIAN MANILA AND SUBURBS DRIVER'S ASSOCIATION NATIONWIDE (PASANG MASDA), INCORPORATED,
Respondent-Intervenor;

G.R. No. 189060

x-----------------------------------x

PETRON CORPORATION,
Petitioner,

-versus-

HON. SILVINO T. PAMPILO, JR., SOCIAL JUSTICE SOCIETY, VLADIMIR ALARIQUE T. CABIGAO, and PANGKALAHATANG SANGGUNIAN MANILA AND SUBURBS DRIVERS ASSOCIATION NATIONWIDE, INC. (PASANG MASDA),
Respondents.

G.R. No. 189333

Present:

PERALTA, *C.J.*,
PERLAS-BERNABE,
LEONEN,
CAGUIOA,
GESMUNDO,
REYES, J. JR.,
HERNANDO,
CARANDANG,
LAZARO-JAVIER,
INTING,
ZALAMEDA, *
LOPEZ,
DELOS SANTOS, and
GAERLAN, *JJ.*

x - x

* No part due to prior participation in the CA proceedings.

Promulgated:

June 30, 2020

x---x

DECISION

HERNANDO, *J.*:

Before this Court are Consolidated Petitions for *Certiorari* [1] filed under Rule 65 of the Rules of Court assailing the Orders issued by the Regional Trial Court (RTC) of Manila, Branch 26, in Civil Case No. 03-106101, on the following dates: April 27, 2009,[2] May 5, 2009,[3] June 23, 2009[4] and July 7, 2009[5] (collectively referred to as the Assailed Orders).

Factual Antecedents

The material and relevant facts are as follows:

On March 21, 2003, private respondent Social Justice Society (SJS), a political party duly registered with the Commission of Elections, filed with the RTC of Manila, a Petition for Declaratory Relief,[6] docketed as Civil Case No. 03-106101, against Pilipinas Shell Petroleum Corporation (Shell), Caltex Philippines, Inc. (Caltex), and Petron Corporation (Petron), collectively referred to as the "Big 3." In its Petition, private respondent SJS raised as an issue the oil companies' business practice of increasing the prices of their petroleum products whenever the price of crude oil increases in the world market despite that fact that they had purchased their inventories at a much lower price long before the increase. SJS argued that such practice constitutes monopoly and combination in restraint of trade, prohibited under Article 186[7] of the

---

[1] *Rollo,* G.R. No. 188760, Volume I, pp. 2-62; *rollo*, G.R. No. 189060, pp. 3-61; and *rollo*, G.R. No. 18933, pp. 3-71.

[2] *Rollo,* G.R. No. 188760, Volume I, pp. 64-66; penned by Presiding Judge Silvino T. Pampilo, Jr.

[3] *Id.* at 68.

[4] *Id.* at 1166-1167.

[5] *Id.* at 70-71.

[6] *Id.* at 136-142.

[7] Art. 186. *Monopolies and combinations in restraint of trade.* — The penalty of *prision correccional* in its minimum period or a fine ranging from two hundred to six thousand pesos, or both, shall be imposed upon:

1. Any person who shall enter into any contract or agreement or shall take part in any conspiracy or combination in the form of a trust or otherwise, in restraint of trade or commerce or to prevent by artificial means free competition in the market;

2. Any person who shall monopolize any merchandise or object of trade or commerce, or shall combine with any other person or persons to monopolize said merchandise or object in order to

Revised Penal Code (RPC). SJS likewise contended that the acts of these oil companies of increasing the prices of its oil products whenever their competitors increase their prices fall under the term "combination or concerted action" used in Section 11 (a)[8] of Republic Act (RA) No. 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998 (Approved on February 10, 1998). The Petition was later amended to include private respondent Atty. Vladmir Alarique T. Cabigao (Cabigao), a member of private respondent SJS, as an additional petitioner to the case. [9]

The Big 3 separately moved for the dismissal of the case on the grounds of lack of legal standing, lack of cause of action, lack of jurisdiction, and failure to exhaust administrative remedies. [10]

On December 17, 2003, public respondent RTC issued an Order[11] denying the motions to dismiss and directing the parties to refer the matter to the Joint Task Force of the Department of Energy (DOE) and Department of Justice (DOJ) pursuant to Section 11 of RA 8479. In the meantime, public respondent RTC ordered the suspension of the proceedings.

---

3. Any person who, being a manufacturer, producer, or processor of any merchandise or object of commerce or an importer of any merchandise or object of commerce from any foreign country, either as principal or agent, wholesaler or retailer, shall combine, conspire or agree in any manner with any person likewise engaged in the manufacture, production, processing, assembling or importation of such merchandise or object of commerce or with any other persons not so similarly engaged for the purpose of making transactions prejudicial to lawful commerce, or of increasing the market price in any part of the Philippines, of any such merchandise or object of commerce manufactured, produced, processed, assembled in or imported into the Philippines, or of any article in the manufacture of which such manufactured, produced, processed, or imported merchandise or object of commerce is used.
If the offense mentioned in this Article affects any food substance, motor fuel or lubricants, or other articles of prime necessity, the penalty shall be that of *prision mayor* in its minimum and medium periods, it being sufficient for the imposition thereof that the initial steps have been taken toward carrying out the purposes of the combination.
Any property possessed under any contract or by any combination mentioned in the preceding paragraphs, and being the subject thereof, shall be forfeited to the Government of the Philippines.
Whenever any of the offenses described above is committed by a corporation or association, the president and each one of the directors or managers of said corporation or association or its agent or representative in the Philippines in case of a foreign corporation or association, who shall have knowingly permitted or failed to prevent the commission of such offenses, shall be held liable as principals thereof.

[8] SECTION 11. *Anti-Trust Safeguards.* — To ensure fair competition and prevent cartels and monopolies in the Industry, the following acts are hereby prohibited:
a) *Cartelization* which means any agreement, combination or concerted action by refiners, importers and/or dealers, or their representatives, to fix prices, restrict outputs or divide markets, either by products or by areas, or allocate markets, either by products or by areas, in restraint of trade or free competition, including any contractual stipulation which prescribes pricing levels and profit margins;

[9] *Rollo,* G.R. No. 188760, Volume I, pp. 181-187.

[10] *Id.* at 144-180 and 246-278.

[11] *Id.* at 188-189; penned by Acting Presiding Judge Oscar P. Barrientos.

Chevron sought reconsideration but public respondent RTC denied the same in its June 30, 2004 Order.[12]

Thereafter, the DOE-DOJ Joint Task Force submitted its Report[13] finding no clear evidence that the Big 3 violated Article 186 of the RPC or Section 11 (a) of RA 8479. Based on the said report, the Big 3 orally moved for the dismissal of the case.[14] Private respondents, on the other hand, moved to open and examine the books of account of the Big 3 to enable the court to determine whether Section 11 (a) of RA 8479 had been violated.[15]

Ruling of the Regional Trial Court

On April 27, 2009, public respondent RTC issued the first assailed Order, which resolved to:

(1) deny the motions to dismiss of the Big 3;
(2) grant private respondents' motion to open and examine the books of accounts of the Big 3; and
(3) order the Commission on Audit (COA), Bureau of Internal Revenue (BIR), and the Bureau of Customs (BOC) to open and examine the books of accounts of the Big 3.

The dispositive portion of the Order reads:

> IN VIEW OF THE FOREGOING, the Motion[s] to Dismiss [are] hereby DENIED and Motion for the Opening and Examination of the Books of Account of the [Big 3] is hereby GRANTED. Accordingly, the [COA], [BIR], and [BOC] are hereby ordered to open and examine the cash receipts, cash disbursement books, the purchase orders on the petroleum products, delivery receipts, sales invoices and other related documents on the purchases of the petroleum products covering the period January 2003 to December 2003. The three government agencies are hereby ordered to take necessary actions to comply with the Order of this Court.
>
> Furnish copy of this Order to the [COA], [BIR], and [BOC].
>
> SO ORDERED.[16]

The Big 3 separately sought reconsideration.[17] Private respondents, on the other hand, moved[18] for the production of records and the

---

[12] *Id.* at 514.
[13] *Id.* at 190-197.
[14] *Rollo*, G.R. No. 189333, p. 13; and *rollo*, G.R. No. 189060, p. 15.
[15] *Rollo*, G.R. No. 188760, Volume I, pp. 198-201.
[16] *Id.* at 65-66.
[17] *Id.* at 578-632.
[18] *Id.* at 279-282.

inclusion of private respondent Cabigao as part of the team that would open and examine the books of accounts of the Big 3.

On May 5, 2009, public respondent RTC issued the second assailed Order, directing the Chairman of COA and the Commissioners of the BIR and the BOC to form a panel of examiners to conduct an examination of the books of accounts of the Big 3 and to submit a report thereon within three (3) months from receipt of the Order.[19]

Though not parties to the case, the COA, the BIR, and the BOC, through the Office of the Solicitor General (OSG), were constrained to file a Motion for Reconsideration[20] of the April 27 and May 5, 2009 Orders on the ground that the order of examination is unwarranted and beyond their respective jurisdictions.

Meanwhile, private respondent-intervenor *Pangkalahatang Sanggunian Manila and Suburbs Drivers' Association Nationwide* (Pasang Masda), Inc. filed a Motion for Intervention with attached Petition-in-Intervention,[21] which the Big 3 opposed.

On June 23, 2009, public respondent RTC issued the third assailed Order, granting *Pasang Masda's* Motion for Intervention and thereby admitting its Petition-in-Intervention.[22]

On July 7, 2009, the RTC issued the fourth assailed Order denying the motions for reconsideration of the Big 3 and the OSG and granting private respondents' motion to include private respondent Cabigao as part of the panel of examiners.[23] Public respondent RTC stood pat on its April 27, 2009 Order citing the doctrine of *parens patriae*.[24]

A few days later, on July 24, 2009, the RTC, acting on the manifestation of private respondents that the government agencies have not acted to comply with its order, directed the COA, the BIR, and the BOC to explain within 72 hours from notice why they should not be cited in contempt for failure to comply.[25]

After the lapse of the 72-hour period, private respondents moved for the issuance of a warrant of arrest against the Chairman of COA and the Commissioners of the BIR and BOC for their refusal to obey the orders of the RTC.[26] Accordingly, the RTC issued an Order[27] giving the

---

[19] *Id.* at 68.
[20] *Id.* at 205-230.
[21] *Id.* at 321-338.
[22] *Id.* at 1166-1167.
[23] *Id.* at 70-71.
[24] *Id.* at 71.
[25] *Id.* at 235.
[26] *Id.* at 677-680.

Chairman of COA and the Commissioners of the BIR and BOC five (5) days from receipt of the notice within which to file a comment or opposition to the motion for the issuance of a warrant of arrest against them.

Left with no other recourse, the COA, represented by its Chairman, the BIR and the BOC, represented by their respective Commissioners, through the OSG, filed before this Court, on July 31, 2009, a Petition for *Certiorari* with Application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction,[28] docketed as G.R. No. 188760, assailing the April 27 and May 5, 2009 Orders of the public respondent RTC. Direct resort to this Court was made because the issues raised were purely legal, which is an exception to the doctrine of hierarchy of courts.

Finding the application for TRO meritorious, this Court on August 4, 2009 issued a TRO,[29] enjoining the implementation of the April 27 and May 5, 2009 Orders of public respondent RTC.

Chevron and Petron followed suit and filed with this Court their respective petitions for *certiorari*. Chevron filed a Petition for *Certiorari* and Prohibition with Application for TRO and/Writ of Preliminary Injunction with Motion for Consolidation,[30] docketed as G.R. No. 189060, assailing the April 27 and July 7, 2009 Orders while Petron filed a Petition for *Certiorari* (with prayer for issuance of TRO and/or Writ of Preliminary Injunction),[31] docketed as G.R. No. 189333, assailing the April 27, June 23, and July 7, 2009 Orders of public respondent RTC. Both Petitions were consolidated with G.R. No. 188760.[32]

Shell, on the other hand, filed with the Court of Appeals (CA) a Petition for *Certiorari* with prayer for the issuance of a TRO and/or a writ of preliminary injunction, docketed as CA-G.R. SP No. 110050,[33] assailing the April 27, June 23, and July 7, 2009 Orders of public respondent RTC.

On August 6, 2010, the CA rendered a Decision[34] on the Petition for *Certiorari*, docketed as CA-G.R. SP No. 110050. Finding grave abuse of discretion on the part of public respondent RTC, the CA

---

[27] *Id.* at 112.
[28] *Id.* at 2-62.
[29] *Id.* at 74-76.
[30] *Rollo*, G.R. No. 189060, pp. 3-61.
[31] *Rollo*, G.R. No. 189333, pp. 3-71.
[32] *Id.* at 554-555 and *Rollo*, G.R. No. 188760, Volume 1, pp. 770-A-770-B (Volume I).
[33] *Rollo*, G.R. No. 188760, Volume I, pp. 682-770.
[34] *Id.*, Volume III, pp. 1840-1883 (Volume III); penned by Presiding Justice Andres B. Reyes, Jr. (now retired SC Justice) and concurred in by Associate Justices Vicente S.E. Veloso and Jane Aurora C. Lantion.

reversed and set aside the April 27, June 23, and July 7, 2009 Orders, and ordered the dismissal of the case for declaratory relief for lack of cause of action. The appellate court, in essence, opined that the issues raised by private respondents cannot be made subject of an action for declaratory relief. As to the propriety of the intervention of *Pasang Masda*, it ruled that *Pasang Masda* had no legal interest in the matter.

Aggrieved, private respondents sought to have the August 6, 2010 Decision reconsidered. However, having been informed of the existence of G.R. No. 188760 assailing the same Orders of public respondent RTC, the CA resolved in its November 12, 2010 Resolution[35] to defer any action on the case.

On June 4, 2013, this Court issued a Resolution[36] directing the CA to resolve the pending motion for reconsideration in CA-G.R. SP No. 110050 with dispatch and to inform the Court of whatever action in may take thereon.

In compliance with this Court's directive, on August 6, 2013, the CA issued a Resolution[37] denying the Motion for Reconsideration filed by private respondents.

Issues

Hence, the instant consolidated Petitions, raising the following issues:

In G.R. No. 188760, the OSG contends that public respondent RTC gravely abused [its] discretion in that:

I.

> [It] ordered [the COA, the BIR, and the BOC] to do a patently ultra vires act, directing COA to audit beyond its constitutional mandate and directing BIR and BOC to examine outside their statutory powers.

II.

> [It] invoked *parens patriae* and Rule 27 on Production or Inspection of Documents in [its] compulsory designation of COA, BIR and BOC as anti-trust auditors while usurping the authority of the [DOE-DOJ Joint] Task Force created by the Oil Deregulation Law for anti-trust monitoring.

III.

> [It] disregarded Due Process, to enforce [its] void orders, by threatening COA, BIR, and BOC with contempt despite lack of notice and being non-parties to the case.[38]

---

[35] *Id.* at 1908-1914.

[36] *Id.* at 1982.

[37] *Id.* at 1987-1991; penned by Associate Justice Vicente S.E. Veloso and concurred in by Associate Justices Jane Aurora C. Lantion and Rodil V. Zalameda (now a Member of this Court).

In G.R. No. 189060, Chevron interposes the following issues:

I. WHETHER [PRIVATE RESPONDENTS'] PETITION IN CIVIL CASE NO. 03-106101:
(i) RAISES A JUSTICIABLE CONTROVERSY OR ACTUAL CASE THAT IS RIPE FOR JUDICIAL DETERMINATION; AND
(ii) REQUIRES EXERCISE OF POWER AND AUTHORITY BEYOND THE SCOPE OF THE "JUDICIAL POWER" OF COURTS AS PROVIDED UNDER THE CONSTITUTION;

II. WHETHER THE [PUBLIC RESPONDENT RTC] OF MANILA HAS JURISDICTION TO CONDUCT A PRELIMINARY INVESTIGATION ON WHETHER PLAYERS IN THE DOWNSTREAM OIL INDUSTRY HAVE COMMITTED A VIOLATION OF THE ANTI-TRUST SAFEGUARDS UNDER R.A. 8479.[39]

In G.R. No. 189333, Petron alleges that:

A.

[PUBLIC RESPONDENT RTC] COMMITTED GRAVE ABUSE OF DISCRETION AMOUTING TO LACK OR EXCESS OF JURISDICTION IN DENYING PETRON'S MOTION TO DISMISS DESPITE THE FACT THAT [PRIVATE RESPONDENT] SJS' AMENDED PETITION FOR DECLARATORY RELIEF MERELY SEEKS AN ADVISORY OPINION OF THE COURT ON WHETHER XXX PETRON AND THE OTHER OIL COMPANIES, PILIPINAS SHELL PETROLEUM CORPORATION AND CHEVRON PHILIPPINES, INC. HAVE VIOLATED THE LAWS AGAINST MONOPOLY, COMBINATIONS IN RESTRAINT OF TRADE OR CARTELIZATION.

B.

[PUBLIC RESPONDENT RTC] COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN [IT] DENIED PETRON'S MOTION TO DISMISS [PRIVATE RESPONDENT] SJS' AMENDED PETITION AFTER THE [DOE-DOJ] JOINT TASK FORCE TO WHICH [PUBLIC RESPONDENT RTC] REFERRED THE CASE "FOR THE SPEEDY DISPOSITION OF THE PENDING CONTROVERSY," SUBMITTED ITS REPORT DATED APRIL 17, 2008 THAT THERE IS NO MONOPOLY OR COMBINATION IN RESTRAINT OF TRADE OR CARTELIZATION COMMITTED BY PETRON, SHELL AND CHEVRON.

C.

[PUBLIC RESPONDENT RTC] COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN [IT] ORDERED THE INSPECTION AND EXAMINATION OF THE BOOKS OF ACCOUNT OF PETRON,

---

[38] *Id.*, Volume I, pp. 12-13.
[39] *Rollo*, G.R. No. 189060, p. 22.

SHELL AND CHEVRON NOTWITHSTANDING THAT THE SAME IS EXCLUSIVELY COGNIZABLE BY THE [DOE-DOJ] JOINT TASK FORCE CREATED UNDER R.A. 8479.

D.

[PUBLIC RESPONDENT RTC] COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN [IT] ADMITTED PASANG MASDA'S PETITION-IN-INTERVENTION DESPITE THE LATTER'S LACK OF MATERIAL, DIRECT AND IMMEDIATE LEGAL INTEREST IN THE MATTER OF LITIGATION BEFORE THE LOWER COURT.[40]

Simply put, the issues to be resolved are as follows:

(1) Whether public respondent RTC committed grave abuse of discretion in not dismissing the Amended Petition for Declaratory Relief;

(2) Whether public respondent RTC committed grave abuse of discretion in ordering the COA, the BIR, and the BOC to examine the books of accounts of the Big 3 and in including private respondent Cabigao as part of the "panel of examiners;" and

(3) Whether public respondent RTC committed grave abuse of discretion in allowing *Pasang Masda* to intervene in the case.

The Parties' Arguments

G.R. No. 188760

The OSG assails the April 27 and May 5, 2009 Orders of the RTC on the ground that it would be legally impossible for the COA, the BIR, and the BOC to comply with the said Orders because it is beyond the mandates of these government agencies to examine the books of accounts of the Big 3.[41] Also, the OSG asserts that the orders are not sanctioned by the Rules of Court, specifically Rule 27 on the Production or Inspection of Documents or Things, and RA 8479.[42] In fact, under RA 8479, it is the DOE-DOJ Joint Task Force which has the power and authority to monitor or investigate oil companies, and initiate the filing of a complaint, if necessary.[43] In this case, considering that public respondent RTC already referred the case to the DOE-DOJ Joint Task Force for

---

[40] *Rollo*, G.R. No.189333, pp. 21-22.
[41] *Rollo*, G.R. No.188760, Volume I, pp. 13-24.
[42] *Id.* at 24-26.
[43] *Id.* at 29-32.

investigation, there was no need for public respondent RTC to issue said orders as it is bound by the task force's finding that no violation was committed by the Big 3 under the doctrine of conclusive finality.[44]

Shell

Shell, impleaded as a necessary party, likewise argues that public respondent RTC committed grave abuse of discretion in ordering the opening of the books of accounts of the Big 3 as this is beyond the scope of a petition for declaratory relief, which is only limited to the declaration of legal rights.[45] Shell claims that it is beyond the mandates and statutory powers of the COA, the BIR, and the BOC to examine the books of accounts of the Big 3,[46] and that such order is a violation of the Big 3's right to due process.[47]

G.R. No. 189060

Chevron ascribes grave abuse of discretion on the part of the RTC in issuing the April 27 and July 7, 2009 Orders. Chevron argues that the Amended Petition for Declaratory Relief filed by private respondents failed to raise a justiciable controversy and to establish a cause of action for a declaratory relief.[48] Chevron points out that there is no factual allegation in the Petition that private respondents' rights are being threatened or that there is an imminent violation thereof that should be prevented by the declaratory relief sought.[49] Instead, from the allegations, it appears that private respondents want public respondent RTC to investigate and render an opinion on whether the Big 3 violated Article 186 of the RPC or Section 11 of RA 8479.[50] This, however, is not the function of the court.[51] Rather, it is the DOE-DOJ Joint Task Force that has primary jurisdiction to investigate whether there was a violation of Section 11 of RA 8479.[52] Thus, the RTC exceeded its power or authority when it created its own procedure, ordering the government agencies to investigate the Big 3 and allowing private respondent Cabigao to become part of the panel of examiners.[53] To justify its orders, the RTC cites the doctrine of *parens patriae*. Chevron, however, avers that this doctrine is inapplicable as this only applies to measures taken by

[44] *Id.* at 32-34.
[45] *Id.* at 421-423.
[46] *Id.* at 428-432.
[47] *Id.* at 432-438.
[48] *Rollo,* G.R. No. 189060, pp. 22-32.
[49] *Id.* at 28-32.
[50] *Id.* at 22-28.
[51] *Id.* at 26.
[52] *Id.* at 32-41.
[53] *Id.* at 41-45.

the State to protect those who cannot protect themselves such as minors, insane, and incompetent persons.[54]

_G.R. No. 189333_

Petron imputes grave abuse of discretion on the part of the public respondent trial court in issuing the April 27, June 23 and July 7, 2009 Orders. Echoing the arguments of Chevron, Petron posits that a petition for declaratory relief is not available in the instant case because the requisites for an action for declaratory relief are not present, specifically there is no justiciable controversy, and that a reading of the petition readily shows that private respondents are merely asking for an advisory opinion, which courts are proscribed from rendering.[55] Neither do private respondents have a cause of action in view of the factual findings of the DOE-DOJ Joint Task Force that the Big 3 did not commit any violation of Section 11 of RA 8479 and Article 186 of the RPC.[56] Also, public respondent RTC exceeded its authority when it ordered the COA, the BIR, and the BOC to inspect and examine the books of accounts of the Big 3 because under RA 8479, it is the DOE-DOJ Joint Task Force which has the primary jurisdiction to monitor, investigate, and file the necessary cases in court against any person or entity in the oil industry.[57] Moreover, public respondent RTC cannot use the doctrine of *parens patriae* to justify its order because the doctrine only refers to the inherent power of the State to provide protection to those who lack the legal capacity to act on their own behalf.[58] With regard to the June 23, 2009 Order, Petron contends that public respondent RTC committed grave abuse of discretion in allowing *Pasang Masda* to intervene despite the fact that it lacked legal interest in the subject matter of litigation.[59] Furthermore, Petron claims that the *Pasang Masda's* Petition-in-Intervention was filed beyond the time allowed by the rules as the parties have already pleaded their respective positions and the DOE-DOJ Joint Task Force had already submitted its Report.[60]

Private respondents' arguments

Private respondents, on the other hand, assert that they availed of the proper recourse and that all the requisites for a declaratory relief are present.[61] They maintain that the RTC has jurisdiction over their Petition and that the rule on primary jurisdiction invoked by the Big 3 is not a hard-and-fast rule.[62] They insist that the jurisdiction of the DOE-DOJ

---

[54] *Id.* at 46-49.
[55] *Rollo*, G.R. No. 189333, pp. 23-36.
[56] *Id.* at 36-48.
[57] *Id.* at 48-51.
[58] *Id.* at 51-53.
[59] *Id.* at 54-58.
[60] *Id.* at 58-60.
[61] *Rollo*, G.R. No. 188760, Volume II, pp. 1687-1689.
[62] *Id.*, Volume I, pp. 789-792 and Volume II, p. 1246.

Joint Task Force is not exclusive and that its findings are not conclusive.[63] As regards the order of public respondent RTC to open and examine the books of accounts of the Big 3, private respondents opine that this is in accordance with the principles of social justice and Article 24 of the Civil Code, which grants power to the court to issue such order to protect the consuming public.[64]

Pasang Masda's arguments

Similarly, *Pasang Masda* banks on the social justice provisions of the Constitution as legal basis for the orders of public respondent RTC.[65] It avers that the auditing powers of the COA is not limited to government entities because as a member of the United Nations Board of Auditors (UNBOA), it was previously deployed as part of the auditing team of 17 UN agencies.[66] In addition, *Pasang Masda* cites the case of *Manila Electric Company (MERALCO) v. Lualhati,*[67] where the COA was tasked by the Energy Regulatory Commission to audit MERALCO, as precedent for the orders of public respondent RTC.[68] It also posits that the creation of the DOE-DOJ Joint Task Force cannot divest the court of its judicial power over the instant case and that its findings are merely recommendatory.[69] Regarding its intervention, *Pasang Masda* claims that there had been cases where the court allowed a party to intervene despite the fact that the parties have already submitted a compromise agreement as long as the intervenor had an interest in the case.[70] In this case, it insists that it has an interest in the outcome of the case as consumers of oil products.[71]

Ruling

The Petitions are meritorious.

An action for declaratory relief is not the proper remedy.

A petition for declaratory relief is an action instituted by a person interested in a deed, will, contract or other written instrument, executive order or resolution, to determine any question of construction or validity arising from the instrument, executive order or regulation, or statute and

[63] *Id.*, Volume II, pp. 1689-1690.
[64] *Id.*, Volume I, pp. 783-789.
[65] *Id.*, Volume II, pp. 1663-1668.
[66] *Id.* at 1668-1669.
[67] 539 Phil. 509 (2006).
[68] *Rollo*, G.R. No. 188760, Volume II, pp. 1669-1670.
[69] *Id.* at 1670-1674.
[70] *Rollo*, G.R. No. 189333, pp. 599-602.
[71] *Id.*

for a declaration of his rights and duties thereunder.[72] It must be filed before the breach or violation of the statute, deed or contract to which it refers; otherwise, the court can no longer assume jurisdiction over the action.[73] Thus, "[t]he only issue that may be raised in such [an action] is the question of construction or validity of provisions in an instrument or statute."[74]

In the instant case, private respondents, in their Amended Petition, alleged that "[the Big 3] now and then increase the price of their petroleum products" and that "an increase in prices declared by one of them is inevitably followed by increases by the others."[75] Private respondents, thus, interposed the following issues:

> (A) WHETHER X X X THE ACT OF OIL COMPANIES, INCLUDING [THE BIG 3], IN INCREASING THE PRICE OF THEIR OIL PRODUCTS WHENEVER THE PRICE OF CRUDE OIL IN THE WORLD MARKET INCREASES, DESPITE THE FACT THAT THEY HAD PURCHASED THEIR INVENTORY OF CRUDE OIL LONG BEFORE SUCH INCREASE IN WORLD MARKET PRICE AND AT A MUCH LOWER PRICE, IS VIOLATIVE OF THE FOREGOING LEGAL PROVISIONS.
>
> (B) WHETHER X X X THE ACT OF AN OIL COMPANY IN INCREASING THE PRICES OF ITS OIL PRODUCTS WHENEVER ITS PROPOSED COMPETITORS INCREASE THEIR PRICES FALLS UNDER THE TERM 'COMBINATION OR CONCERTED ACTIONS' USED IN SECTION 11 (A) OF [RA] 8479.[76]

Based on the foregoing, the core issue involved in the Amended Petition is whether the business practice of the Big 3 violates the RPC and RA 8479. This, however, cannot be made the subject matter of a declaratory relief.

Private respondents filed their Amended Petition based on acts already committed or being committed by the Big 3, which they believe are in violation of the RPC and RA 8479. It appears therefore that the filing of the Amended Petition was done on the assumption that there

---

[72] Section 1, Rule 63 of the Rules of Court reads:
Section 1. *Who may file petition.* —
Any person interested under a deed, will, contract or other written instrument, or whose rights are affected by a statute, executive order or regulation, ordinance, or any other governmental regulation may, before breach or violation thereof, bring an action in the appropriate Regional Trial Court to determine any question of construction or validity arising, and for a declaration of his rights or duties, thereunder.
An action for the reformation of an instrument, to quiet title to real property or remove clouds therefrom, or to consolidate ownership under Article 1607 of the Civil Code, may be brought under this Rule.

[73] *Tambunting, Jr. v. Sps. Sumabat,* 507 Phil. 94, 98-99 (2005).

[74] *Monetary Board v. Philippine Veterans Bank,* 751 Phil. 176, 182 (2015).

[75] *Rollo*, G.R. No. 188760, Volume I, p. 182.

[76] *Id.* at 185.

was already a breach or violation on the part of the Big 3, which cannot be the subject of a declaratory relief. It must be stressed that an action for declaratory relief presupposes that there has been no actual breach as such action is filed only for the purpose of securing an authoritative statement of the rights and obligations of the parties under a contract, deed or statute.[77] It cannot be availed of if the statute, deed or contract has been breached or violated because, in such a case, the remedy is for the aggrieved party to file the appropriate ordinary civil action in court.[78] Thus, the Court has consistently ruled that "[i]f adequate relief is available through another form or action or proceeding, the other action must be preferred over an action for declaratory relief."[79]

Worth mentioning at this point is the ruling in *Sarmiento v. Hon. Capapas,*[80] where the Court explained that:

> xxx if an action for declaratory relief were to be allowed in this case, after a breach of the statute, the decision of the court in the action for declaratory relief would prejudge the action for violation of the barter law.
>
> The institution of an action for declaratory relief after a breach of contract or statute, is objectionable on various grounds, among which is that it violates the rule on multiplicity of suits. If the case at bar were allowed for a declaratory relief, the judgment therein notwithstanding, another action would still lie against the importer respondent for violation of the barter law. So, instead of one case only before the courts in which all issues would be decided, two cases will be allowed, one being the present action for declaratory relief and a subsequent one for the confiscation of the importations as a consequence of the breach of the barter law.
>
> The impropriety of allowing an action for declaratory relief, after a breach of the law, can be seen in the very decision of the court itself, which is now subject of the appeal. Whereas the case at bar was purported to bring about a simple declaration of the rights of the parties to the action, the judgment goes further than said declaration and decrees that the importation by the respondent corporation violates the law, and further directs that the legal importation be confiscated under the provisions of the law (Section 1 (e), R. A. No. 1194). This confiscation directed by the court lies clearly beyond the scope and nature of an action for declaratory relief, as the judgment of confiscation goes beyond the issues expressly raised, and to that extent it is null and void.[81]

---

77 *Aquino v. Municipality of Malay, Aklan,* 744 Phil. 497, 509-510 (2014).
78 *City of Lapu-Lapu v. Philippine Economic Zone Authority,* 748 Phil. 473, 511 (2014).
79 *Id.*
80 114 Phil. 756 (1962).
81 *Id.* at 762.

Similarly, in this case, an action for declaratory relief may no longer be allowed considering that private respondents are not merely asking for a declaration of their rights but are actually asking public respondent RTC to determine whether there was a violation of Section 11 of RA 8479, for which the Big 3 may be prosecuted and found criminally liable. And since there is already an alleged breach, it cannot be the subject of a declaratory relief. Public respondent RTC therefore committed grave abuse of discretion in not dismissing the Amended Petition.

The DOE-DOJ Joint Task Force is duly authorized by law to investigate and to order the prosecution of cartelization.

Moreover, the determination of such issue lies with the DOE-DOJ Joint Task Force. Section 13 of RA 8479 pertinently provides:

> SEC. 13. Remedies. –
>
> a) Government Action - Whenever it is determined by the Joint Task Force created under Section 14 (d) of this Act, that there is a threatened, imminent or actual violation of Section 11 of this Act, it shall direct the provincial or city prosecutors having jurisdiction to institute an action to prevent or restrain such violation with the Regional Trial Court of the place where the defendant or any of the defendants reside or has his place of business. Pending hearing of the complaint and before final judgment, the court may at any time issue a [TRO] or an order of injunction as shall be deemed just within the premises, under the same conditions and principles as injunctive relief is granted under the Rules of Court.
>
> Whenever it is determined by the Joint Task Force that the Government or any of its instrumentalities or agencies, including government-owned or controlled corporations, shall suffer loss or damage in its business or property by reason of violation of Section 11 of this Act, such instrumentality, agency or corporation may file an action to recover damages and the costs of suit with the Regional Trial Court which has jurisdiction as provided above.
>
> b) Private Complaint. - Any person or entity shall report any violation of Section 11 of this Act to the Joint Task Force. The Joint Task Force shall investigate such reports in aid of which the DOE Secretary may exercise the powers granted under Section 15 of this Act. The Joint Task Force shall prepare a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public at the discretion of the Joint Task Force. In the event that the Joint Task Force determines that there has been a violation of Section 11 of this Act, the private person or entity shall be entitled to sue for and obtain injunctive relief, as well as damages, in the Regional Trial Court having jurisdiction

> over any of the parties, under the same conditions and principles as injunctive relief is granted under the Rules of Court.

Corollarily, DOE Department Circular No. 98-03-004 or the Rules and Regulations Implementing [RA] 8479, "Downstream Oil Industry Deregulation Act of 1998" provides in Section 17 thereof, *viz.:*

> SECTION 17. Remedies
>
> The DOE-DOJ Task Force, created under Section 14 (d) of the Act, shall take the following remedial measures:
>
> a. investigate and act upon complaints or reports from any person of an unreasonable rise in the prices of petroleum products and may, *motu proprio*, investigate and/or file the necessary complaint with the proper court or agency;
>
> b. investigate and act upon complaints or reports of commission of the prohibited acts under Section 11 of the Act, and after determination of such violation endorse the same to the provincial or city prosecutor having jurisdiction for institution of the appropriate action;
>
> c. prepare and submit a report to the Secretary of Energy and Secretary of Justice embodying its findings and recommendations as a result of its investigation of the alleged violation of Section 11 of the Act;
>
> d. investigate and act upon a complaint by any instrumentality or agency of the Government, including government-owned or –controlled corporations, that loss or damage has been suffered or incurred by such instrumentality, agency or government corporation by reason of violation of Section 11 of the Act; and
>
> e. perform such other functions as may jointly be assigned by the Secretary of Energy and the Secretary of Justice.

In *Cong. Garcia v. Hon. Corona*,[82] the Court made it clear that it is the DOE-DOJ Task Force which has the power to investigate and cause the prosecution of violators. It ruled that:

> Article 186 of the [RPC], as amended, punishes as a felony the creation of monopolies and combinations in restraint of trade. The Solicitor General, on the other hand, cites provisions of RA 8479 intended to prevent competition from being corrupted or manipulated. Section 11, "Anti-Trust Safeguards," defines and prohibits cartelization and predatory pricing. It penalizes the persons and officers involved with imprisonment of three (3) to seven (7) years and fines ranging from One million to Two million pesos. For this purpose, a Joint Task Force from the [DOE] and [DOJ] is created under Section 14 to investigate and order the prosecution of violations.
>
> x x x x

---

[82] 378 Phil. 848 (1999).

> Section 13 of the Act provides for "Remedies," under which the filing of actions by government prosecutors and the investigation of private complainants by the Task Force is provided. Sections 14 and 15 provide how the [DOE] shall monitor and prevent the occurrence of collusive pricing in the industry.
>
> It can be seen, therefore, that instead of the price controls advocated by the petitioner, Congress has enacted anti-trust measures which it believes will promote free and fair competition. Upon the other hand, the disciplined, determined, consistent and faithful execution of the law is the function of the President. As stated by public respondents, the remedy against unreasonable price increases is not the nullification of Section 19 of R.A. 8479 but the setting into motion of its various other provisions.[83]

Again, in *Congressman Garcia v. The Executive Secretary, et al.*,[84] the Court declared that:

> xxx The remedy against the perceived failure of the Oil Deregulation Law to combat cartelization is not to declare it invalid, but to set in motion its anti-trust safeguards under Sections 11, 12, and 13.
>
> x x x x
>
> x x x R.A. No. 8479, x x x does not condone these acts; indeed, Section 11 (a) of the law expressly prohibits and punishes cartelization, which is defined in the same section as *"any agreement, combination or concerted action by refiners, importers and/or dealers,* or their representatives, *to fix prices,* restrict outputs or divide markets, either by products or by areas, or allocate markets, either by products or by areas, in restraint of trade or free competition, including any contractual stipulation which prescribes pricing levels and profit margins." This definition is broad enough to include the alleged acts of overpricing or price-fixing by the Big 3. R.A. No. 8479 has provided, aside from prosecution for cartelization, several other anti-trust mechanisms, including the enlarged scope of the [DOE's] monitoring power and the creation of a Joint Task Force to immediately act on complaints against unreasonable rise in the price of petroleum products. Petitioner Garcia's failure is that he failed to show that he resorted to these measures before filing the instant petition. His belief that these oversight mechanisms are unrealistic and insufficient does not permit disregard of these remedies.[85]

Here, the RTC initially resolved to refer the instant case to the DOE-DOJ Joint Task Force for investigation and determination of whether the Big 3 were in violation of Section 11 of RA 8479. However, upon receipt of the report of the DOE-DOJ Joint Task Force that there was no violation committed by the Big 3, the RTC, instead of dismissing the case, ordered the COA, the BIR, and the BOC to open and examine

---

[83] *Id.* at 868-869.
[84] 602 Phil. 64 (2009).
[85] *Id.* at 80-83.

the books of accounts of the Big 3 and even allowed private respondent Cabigao to be part of the panel of examiners. In doing so, the trial court divested the DOE-DOJ Joint Task Force of its power and authority and vested the same to the COA, the BIR, the BOC and private respondent Cabigao.

To justify its orders, the public respondent trial court invokes the doctrine of *parens patriae*.

Under the doctrine of *parens patriae* (father of his country), the judiciary, as an agency of the State, has the supreme power and authority to intervene and to provide protection to persons *non sui juris* – those who because of their age or incapacity are unable to care and fend for themselves.[86] In *Maynilad Water Services, Inc. v. Secretary of the Department of Environment and Natural Resources*,[87] this Court even went further and ruled that "Filipino consumers have become such persons of disability deserving protection by the State, as their welfare are being increasingly downplayed, endangered, and overwhelmed by business pursuits."

This doctrine, however, cannot be applied in this case considering that Congress by enacting RA 8479 has already provided for the mechanism to protect the interest of the Filipino consumers. Public respondent RTC, therefore, cannot create a new panel of examiners to replace the DOE-DOJ Joint Task Force as this goes against RA 8479.

It is beyond the mandates of the COA, the BIR, and the BOC to open and examine the books of accounts of the Big 3 in the instant case.

Besides, it is beyond the mandates of the COA, the BIR, and the BOC to open and examine the books of accounts of the Big 3.

In *Fernando v. [COA]*,[88] the Court explained the audit jurisdiction of the COA:

> Section 2, Article IX-D of the 1987 Constitution provides for the COA's audit jurisdiction:

---

[86] *Vasco v. Court of Appeals,* 171 Phil. 673, 677 (1978); *Cabanas v. Pilapil,* 157 Phil. 97, 101-102, (1974); and *Nery v. Lorenzo,* 150-A Phil. 241, 248-249 (1972).
[87] G.R. Nos. 202897, 206823 & 207969, August 6, 2019.
[88] G.R. Nos. 237938 & 237944-45, December 4, 2018.

SECTION 2. (1) The [COA] shall have the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures o\r uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters, and on a post-audit basis: (a) constitutional bodies, commissions and offices that have been granted fiscal autonomy under this Constitution; (b) autonomous state colleges and universities; (c) other government-owned or controlled corporations and their subsidiaries; and (d) such non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the Government, which are required by law or the granting institution to submit to such audit as a condition of subsidy or equity. However, where the internal control system of the audited agencies is inadequate, the Commission may adopt such measures, including temporary or special pre-audit, as are necessary and appropriate to correct the deficiencies. It shall keep the general accounts of the Government and, for such period as may be provided by law, preserve the vouchers and other supporting papers pertaining thereto.

The COA was envisioned by our Constitutional framers to be a dynamic, effective, efficient and independent watchdog of the Government. It granted the COA the authority to determine whether government entities comply with laws and regulations in disbursing government funds, and to disallow illegal or irregular disbursements of government funds.

In the case of *Funa v. Manila Economic and Cultural Office, et al.*, this Court enumerated and clarified the COA's jurisdiction over various governmental entities. In that case, this Court stated that the COA's audit jurisdiction extends to the following entities:

1. The government, or any of its subdivisions, agencies and instrumentalities;
2. GOCCs with original charters;
3. GOCCs without original charters;
4. Constitutional bodies, commissions and offices that have been granted fiscal autonomy under the Constitution; and
5. Non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the government, which are required by law or the granting institution to submit to the COA for audit as a condition of subsidy or equity.

COA's authority to examine and audit the accounts of government and, to a certain extent, non-governmental entities, is consistent with Section (Sec.) 29 (1) of Presidential Decree (P.D.) No. 1445 otherwise known as the Auditing Code of the Philippines, which grants the COA visitorial authority over the following non-governmental entities:

1. Non-governmental entities "subsidized by the government;"
2. Non-governmental entities "required to pay levy or government share;"

3. Non-governmental entities that have "received counterpart funds from the government;" and

4. Non-governmental entities "partly funded by donations through the government."

COA's audit jurisdiction is also laid down in Section 11, Chapter 4, Subtitle B, Title I, Book V of the Administrative Code of 1987:

> SECTION 11. *General Jurisdiction.* — (1) The Commission on Audit shall have the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters, and on a post-audit basis: (a) constitutional bodies, commissions and offices that have been granted fiscal autonomy under this Constitution; (b) autonomous state colleges and universities; (c) other government-owned or controlled corporations and their subsidiaries; and (d) such non-governmental entities receiving subsidy or equity, directly or indirectly, from or through the Government, which are required by law or the granting institution to submit to such audit as a condition of subsidy or equity. However, where the internal control system of the audited agencies is inadequate, the Commission may adopt such measures, including temporary or special pre-audit, as are necessary and appropriate to correct the deficiencies. It shall keep the general accounts of the Government and, for such period as may be provided by law, preserve the vouchers and other supporting papers pertaining thereto.
>
> xxx xxx xxx

As can be gleaned from the foregoing, the COA's audit jurisdiction generally covers public entities. However, its authority to audit extends even to non-governmental entities insofar as the latter receives financial aid from the government. Thus, it is clear that the determination of COA's jurisdiction over a specific entity does not merely require an examination of the nature of the entity. Should the entity be found to be non-governmental, further determination must be had as to the source of its funds or the nature of the account sought to be audited by the COA.

In the analysis of an entity's nature, this Court, in prior cases, examined the statutory origin, the charter, purpose and the relations that a particular entity has with the State.

In *Phil. Society for the Prevention of Cruelty to Animals v. [COA],* this Court clarified that totality of an entity's relations with the State must be considered. If the corporation is created by the State as the latter's own agency or instrumentality to help it in carrying out its governmental functions, then that corporation is considered public; otherwise, it is private. This Court examined the charter of therein petitioner, Philippine Society for the Prevention of Cruelty to Animals, its employees' membership to social insurance system, and the presence of x x x government officials in its board, among others. In that case, this Court ruled that the mere public purpose of an entity's existence does not, *per se*, make it a public corporation:

> *Fourth.* The respondents contend that the petitioner is a "body politic" because its primary purpose is to secure the protection and welfare of animals which, in turn, redounds to the public good.
>
> This argument, is, at best, specious. The fact that a certain juridical entity is impressed with public interest does not, by that circumstance alone, make the entity a public corporation, inasmuch as a corporation may be private although its charter contains provisions of a public character, incorporated solely for the public good. This class of corporations may be considered quasi-public corporations, which are private corporations that render public service, supply public wants or pursue other eleemosynary objectives. While purposely organized for the gain or benefit of its members, they are required by law to discharge functions for the public benefit. Examples of these corporations are utility, railroad, warehouse, telegraph, telephone, water supply corporations and transportation companies. It must be stressed that a quasi-public corporation is a species of private corporations, but the qualifying factor is the type of service the former renders to the public: if it performs a public service, then it becomes a quasi-public corporation.
>
> Authorities are of the view that the purpose alone of the corporation cannot be taken as a safe guide, for the fact is that almost all corporations are nowadays created to promote the interest, good, or convenience of the public. A bank, for example, is a private corporation; yet, it is created for a public benefit. Private schools and universities are likewise private corporations; and yet, they are rendering public service. Private hospitals and wards are charged with heavy social responsibilities. More so with all common carriers. On the other hand, there may exist a public corporation even if it is endowed with gifts or donations from private individuals.

Meanwhile, in *Engr. Feliciano v. [COA],* this Court ruled that regardless of the nature of the corporation, the determining factor of COA's audit jurisdiction is government ownership or control of the corporation. In this case, the Court found that local water districts (LWDs), are owned and controlled by the government, as evidenced from the fact that "there [was] no private party involved in their creation, ownership of the national or local government of their assets, the manner of appointment of their board of directors and their employees' being subject to civil service laws." The Court also noted as an indication of the government's control, the latter's power to appoint LWD directors, to provide for their compensation, as well as the Local Water Utilities Administration's power to require LWDs to merge or consolidate their facilities or operations.

In *Boy Scouts of the Philippines v. [COA],* the Court, in arriving at the conclusion that BSP is subject to the COA's audit jurisdiction, examined its charter, Commonwealth Act No. 111, and the provisions of the same concerning BSP's governing body, its classification and relationship with the National Government, specifically as an attached agency of then Department of Education, Culture and Sports (DECS), as well as its sources of funds.

Without a doubt, the case of the Big 3 would not fall under the audit jurisdiction of COA. They are not public entities nor are they non-governmental entities receiving financial aid from the government.

As to *Pasang Masda's* reliance on the case of *Meralco v. Lualhati,*[89] this is misplaced. That case involves a situation different from the present case as what was in issue therein was the authority of the COA under Section 22 of the Administrative Code of 1987 to examine the books, records and accounts of public utilities in connection with the fixing of rates for the purpose of determining franchise taxes. Thus, it cannot be used as precedent to justify the orders of public respondent RTC.

With respect to the BIR, its Commissioner is authorized to examine books, paper, record, or other data of taxpayers but only to ascertain the correctness of any return, or in making a return when none was made, or in determining the liability of any person for any internal revenue tax, or in collecting such liability, or evaluating the person's tax compliance.[90] The BOC, on the other hand, is authorized to audit or examine all books, records, and documents of importers necessary or relevant for the purpose of collecting the proper duties and taxes.[91] Since

---

[89] *Supra* note 67.

[90] Section 5 of Republic Act No. 8424 (Approved on December 11, 1997) or the Tax Reform Act of 1997 provides:
SECTION 5. *Power of the Commissioner to Obtain Information, and to Summon, Examine, and Take Testimony of Persons.* — In ascertaining the correctness of any return, or in making a return when none has been made, or in determining the liability of any person for any internal revenue tax, or in collecting any such liability, or in evaluating tax compliance, the Commissioner is authorized:
(A) To examine any book, paper, record, or other data which may be relevant or material to such inquiry;
xxx

[91] Sections 3515 and 3516 of Presidential Decree No. 1464, as amended by Republic Act No. 9135 (Approved on April 27, 2001) or An Act Amending Certain Provisions of Presidential Decree No. 1464, provide:
SEC. 3515. *Compliance Audit or Examination of Records.* — The importers/customs brokers shall allow any customs officer authorized by the Bureau of Customs to enter during office hours any premises or place where the records referred to in the preceding section are kept to conduct audit examination, inspection, verification and/or investigation of those records either in relation to specific transactions or to the adequacy and integrity of the manual or electronic system or systems by which such records are created and stored. For this purpose, a duly authorized customs officer shall have full and free access to all books, records, and documents necessary or relevant for the purpose of collecting the proper duties and taxes.
In addition, the authorized customs officer may make copies of, or take extracts from any such documents. The records or documents must, as soon as practicable after copies of such have been taken, be returned to the person in charge of such documents.
A copy of any such document certified by or on behalf of the importer/broker is admissible in evidence in all courts as if it were the original.

there are no taxes or duties involved in this case, the BIR and the BOC likewise have no power and authority to open and examine the books of accounts of the Big 3.

As previously discussed, it is the DOE-DOJ Joint Task Force that has the sole power and authority to monitor, investigate, and endorse the filing of complaints, if necessary, against oil companies. And considering that the remedy against cartelization is already provided by law, the public respondent trial court exceeded its jurisdiction and gravely abused its discretion when it ordered the COA, the BIR, and the BOC to open and examine the books of account of the Big 3 and allowed private respondent Cabigao, a certified public accountant, to become part of the panel of examiners. Clearly, the RTC not only failed to uphold the law but worse, he contravened the law.

Pasang Masda failed to satisfy all the requirements for intervention.

As regards the issue of intervention, Section 1,[92] Rule 19 of the Rules of Court requires that: (1) the movant must have a legal interest in the matter

---

An authorized customs officer is not entitled to enter any premises under this Section unless, before so doing, the officer produces to the person occupying or apparently in charge of the premises written evidence of the fact that he or she is an authorized officer. The person occupying or apparently in charge of the premises entered by an officer shall provide the officer with all reasonable facilities and assistance for the effective exercise of powers under this Section.
Unless otherwise provided herein or in other provisions of law, the Bureau of Customs may, in case of disobedience, invoke the aid of the proper regional trial court within whose jurisdiction the matter falls. The court may punish contumacy or refusal as contempt. In addition, the fact that the importer/broker denies the authorized customs officer full and free access to importation records during the conduct of a post-entry audit shall create a presumption of inaccuracy in the transaction value declared for their imported goods and constitute grounds for the Bureau of Customs to conduct a re-assessment of such goods.
This is without prejudice to the criminal sanctions imposed by this Code and administrative sanctions that the Bureau of Customs may impose against contumacious importers under existing laws and regulations including the authority to hold delivery or release of their imported articles.
SEC. 3516. *Scope of the Audit.* —
(a) The audit of importers shall be undertaken:
(1) When firms are selected by a computer-aided risk management system, the parameters of which are to be based on objective and quantifiable data and are to be approved by the Secretary of Finance upon recommendation of the Commissioner of Customs. The criteria for selecting firms to be audited shall include, but not be limited to, the following:
(a) Relative magnitude of customs revenue from the firm;
(b) The rates of duties of the firm's imports;
(c) The compliance track record of the firm; and
(d) An assessment of the risk to revenue of the firm's import activities.
(2) When errors in the import declaration are detected;
(3) When firms voluntarily request to be audited, subject to the approval of the Commissioner of Customs.
(b) Brokers shall be audited to validate audits of their importer clients and/or fill in information gaps revealed during an audit of their importer clients.

[92] Section 1, Rule 19 of the Rules of Court reads:
Section 1. Who may intervene. – A person who has a legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof may, with leave of court, be allowed to intervene in the action. The court shall consider whether or not the intervention will unduly delay or prejudice the adjudication of the rights of the

being litigated; (2) the intervention must not unduly delay or prejudice the adjudication of the rights of the parties; and (3) the claim of the intervenor must not be capable of being properly decided in a separate proceeding. The right to intervene, however, is not an absolute right as the granting of a motion to intervene is addressed to the sound discretion of the court and may only be allowed if the movant is able to satisfy all the requirements.[93]

In this case, *Pasang Masda's* allegation that its members consume petroleum products is not sufficient to show that they have legal interest in the matter being litigated considering that there are other oil players in the market aside from the Big 3. Jurisprudence mandates that legal interest must be actual, substantial, material, direct and immediate, and not simply contingent or expectant.[94] Such is not the situation in this case. In fact, there is no showing that *Pasang Masda* has something to gain or lose in the outcome of the case. Thus, it was grave abuse of discretion on the part of public respondent RTC in allowing *Pasang Masda* to intervene despite its failure to comply with the first requirement.

Besides, even if the Court relaxes the definition of "legal interest" in the instant case, the granting of the motion to intervene would still be improper because the subject matter of the petition-in-intervention, just like the petition, cannot be the subject of an action for declaratory relief. Since an intervention is not an independent action but is ancillary and supplement to the main case, the dismissal of the main case would necessarily include the dismissal of the ancillary case.[95]

All told, the Court finds grave abuse of discretion on the part of public respondent RTC as to its issuance of the Assailed Orders.

WHEREFORE, the Consolidated Petitions are hereby **GRANTED**. The April 27, 2009, May 5, 2009, June 23, 2009, and July 7, 2009 Orders of the Regional Trial Court of Manila, Branch 26, in Civil Case No. 03-106101 are hereby **REVERSED** and **SET ASIDE**. The Temporary Restraining Order dated August 4, 2009 is hereby made **PERMANENT.** Accordingly, the Petition for Declaratory Relief is ordered **DISMISSED.**

---

original parties, and whether or not the intervenor's rights may be fully protected in a separate proceeding.

[93] *The Board of Regents of the Mindanao State University v. Osop,* 682 Phil. 437, 461 (2012).

[94] *Mactan-Cebu International Airport Authority v. Heirs of Estanislao Miñoza,* 656 Phil. 537, 547 (2011).

[95] *B. Sta. Rita & Co., Inc. v. Gueco,* 716 Phil. 776, 785-786 (2013).

SO ORDERED.

RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:

DIOSDADO M. PERALTA
Chief Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

MARVIC M.V.F. LEONEN
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

ALEXANDER G. GESMUNDO
Associate Justice

JOSE C. REYES, JR.
Associate Justice

ROSMARI D. CARANDANG
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

No part.
RODIL V. ZALAMEDA
Associate Justice

MARIO V. LOPEZ
Associate Justice

EDGARDO L. DELOS SANTOS
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

CERTIFICATION

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.

DIOSDADO M. PERALTA
Chief Justice