

THIRD DIVISION

[G.R. No. 156264. September 30, 2004]

ALLIED DOMEQC PHIL., INC., *petitioner*, vs. HON. SESINANDO E. VILLON of the Regional Trial Court of Manila, Branch 23; CLARK LIBERTY WAREHOUSE, INC., BUREAU OF CUSTOMS and/or DISTRICT COLLECTORS OF CUSTOMS, PORT OF MANILA and CLARK SPECIAL ECONOMIC ZONE, and BUREAU OF FOOD AND DRUGS (BFAD) and/or DIRECTOR OF BFAD, *respondents*.

D E C I S I O N

SANDOVAL-GUTIERREZ, J.:

Before us is a petition for review on *certiorari* assailing the Decision^[1] of the Court of Appeals dated May 27, 2002 and Resolution^[2] dated November 29, 2002 in CA-G.R. SP No. 63802 which dismissed the special civil action for certiorari filed by Allied Domecq, Philippines Inc. (ADPI), herein petitioner, for want of jurisdiction.

The factual background of this case is as follows:

On May 8, 1996, petitioner ADPI entered into an exclusive distributorship agreement with Pedro Domecq, S.A., a corporation organized and existing under the laws of Spain, engaged in the manufacture of wine and brandy. Under the said agreement, Pedro Domecq, S.A. granted petitioner the sole and exclusive right to import and distribute in the Philippines various Pedro Domecq, S.A. products including "Fundador" brandy until May 17, 2000. Upon its expiration, the agreement is deemed automatically extended for an indefinite period of time.

Petitioner then applied for a Certificate of Registration with the Bureau of Food and Drugs (BFAD), pursuant to Department of Health Administrative Order No. 17, series of 1979, requiring all imported food products to be registered with the BFAD prior to their distribution in the local markets.

On June 2, 1998, BFAD wrote then Director Quintin L. Kintanar of the Bureau of Customs, requesting that entry of imported shipments of "Fundador" brandy should not be allowed in the Philippines, unless the importer presents a valid Certificate of Registration issued by the BFAD. The Bureau of Customs granted petitioner's request and on July 13, 1998, issued Customs Memorandum Circular No. 228-098.

On April 12, 1999, Clark Liberty Warehouse, Inc. (Clark Liberty), herein private respondent, a duly licensed duty-free shop operating in the Clark Special Economic Zone, imported 800 cases or a total of 9,420 bottles of "Fundador" brandy.

Since the importation by respondent Clark Liberty was not covered by the BFAD Certificate of Product Registration, the Bureau of Customs seized and impounded the shipment pursuant to Customs Memorandum Circular No. 228-98, in relation to Sections 101 (K) and 2530 of the Tariff and Customs Code. The imported brandy then became the subject of seizure proceedings before the District Collector of Customs of the Port of Manila, docketed as S.I. No. 99-140.

Petitioner then filed a motion to intervene in S.I. No. 99-140 alleging, among others, that it sustained damages caused by respondent Clark Liberty's illegal importation. However, the Bureau of Customs District Collector failed to resolve the motion.

On September 15, 1999, petitioner sent respondent Clark Liberty a letter demanding that the latter cease and desist from importing, distributing, selling, or marketing "Fundador" brandy in the

Philippines. Petitioner also demanded that Clark Liberty refrain from claiming the seized shipment and participating in the seizure proceedings. Clark Liberty, however, refused to heed petitioner's demands.

On October 8, 1999, petitioner filed with the Regional Trial Court (RTC) of Manila a complaint for injunction and damages with prayer for the issuance of a temporary restraining order (TRO) and a writ of preliminary injunction. The complaint was raffled to Branch 23 of the Manila RTC, docketed therein as Civil Case No. 99-95337.

On August 15, 2000, after hearing petitioner's application for TRO and injunctive relief, the RTC issued an Order denying the same. The trial court held that petitioner failed to prove that respondent Clark Liberty engaged in unfair competition as there is no showing that it "employed deceit or otherwise committed acts constituting bad faith;"^[3] that the bottles of "Fundador" brandy imported by respondent are the "ones imported by plaintiff"^[4] and that these bottles "are not genuine, defective, or of poor quality."^[5]

Petitioner filed a motion for reconsideration but was denied by the RTC in its Order dated December 28, 2000.

On March 16, 2001, petitioner filed with the Court of Appeals a special civil action for certiorari, docketed as CA-G.R. SP No. 63802.

On May 27, 2002, the Court of Appeals issued its assailed Decision dismissing the petition for lack of jurisdiction. Its ratiocination is quoted as follows:

"[I]t is an admitted fact respondent Clark Liberty is one of the duly licensed and authorized duty free shops at the Clark Special Economic Zone since 1998 which sells imported grocery items including liquors, appliances, household wares, etc. and is exclusively regulated by the Clark Development Corporation, created by Republic Act No. 7227, known as the 'Bases Conversion and Development Act of 1992.' It is therefore a juridical creation of Republic Act No. 7227 in relation to Executive Order No. 62 and Presidential Proclamation No. 163, creating the Clark Special Economic Zone, under the exclusive jurisdiction, authority and regulation of the Clark Development Corporation. As such juridical creation, this Court has no jurisdiction to determine whether or not petitioner is entitled to the issuance of an injunctive relief since such authority and jurisdiction belong the Honorable Supreme Court in accordance with Section 21 of Republic Act No. 7227."^[6]

Hence, the instant petition for review anchored on the following grounds:

I

THE FORMER THIRTEENTH DIVISION OF THE COURT OF APPEALS COMMITTED SERIOUS AND REVERSIBLE ERRORS IN LAW IN DISMISSING THE PETITION FOR CERTIORARI IN CA-G.R. SP NO. 63802 UNDER RULE 65 OF THE 1997 RULES ON CIVIL PROCEDURE FOR LACK OF JURISDICTION.

II

THE FORMER THIRTEENTH DIVISION OF THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION BY NOT LOOKING INTO THE MERITS OF THE CASE AND IN NOT RESOLVING WHETHER OR NOT PETITION IS ENTITLED TO THE INJUNCTION RELIEF PRAYED FOR IN ITS PETITION.

III

IN DISMISSING THE PETITION IN CA-G.R. SP NO. 63802, THE HONORABLE COURT OF APPEALS HAS DECIDED A QUESTION OF SUBSTANCE NOT THEREFORE DETERMINED BY THE SUPREME COURT OR HAS DECIDED IT IN A WAY PROBABLY NOT IN ACCORD WITH LAW OR WITH APPLICABLE DECISIONS OF THIS HONORABLE SUPREME COURT.”^[7]

Petitioner submits that the Appellate Court gravely abused its discretion in holding that under Section 21 of Republic Act No. 7227, only the Supreme Court can issue a writ of preliminary injunction. Petitioner contends that its cause of action has nothing to do with the implementation of the projects for the conversion of the military reservation into alternative productive uses governed by the said law. Since jurisdiction is conferred by law, the Court of Appeals cannot diminish its own jurisdiction under *Batas Pambansa Blg. 129*, as amended.

The Solicitor General and respondent Clark Liberty counter that the Court of Appeals was correct in dismissing the petition before it for lack of jurisdiction. They point out that in the proceedings before the trial court, petitioner admitted that Clark Liberty is a registered enterprise of the Clark Special Economic Zone, thus subject to the operation of R.A. 7227. Under Section 21 of this law, only the Supreme Court has jurisdiction to grant injunctive relief to enjoin the implementation of the projects for the conversion into alternative productive uses of the military reservation.

The pivotal issue, therefore, is whether the Court of Appeals gravely abused its discretion in holding that it has no jurisdiction over CA-G.R. SP No. 63802 pursuant to Section 21 of Republic Act 7227.

Jurisdiction is the authority to hear and determine a cause.^[8] Jurisdiction over the subject matter is the power to hear and determine the general class to which the proceedings in question belong.^[9] Jurisdiction over the subject matter is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists.^[10] Basic is the rule that jurisdiction over the subject matter is determined by the cause or causes of action as alleged in the complaint.^[11] But where the actual issues are evident from the records of the case, then jurisdiction over the subject matter need not depend upon the literal averments in the complaint, but on the law as applied to established facts.^[12]

Here, in order to determine whether the court *a quo* has jurisdiction over petitioner’s complaint for injunction, we have to interpret the law as applied to the established facts. There is no question that respondent Clark Liberty is a registered enterprise of the Clark Special Economic Zone and is primarily regulated by R.A. No. 7227, otherwise known as the Bases Conversion and Development Act of 1992.

The underlying purpose of the Legislature in enacting R.A. No. 7227 is provided by Section 2, thus:

“SEC. 2. *Declaration of Policies.* – It is hereby declared the policy of the Government to accelerate the sound and balanced conversion into alternative productive uses of the Clark and Subic military reservations and their extensions (John Hay Station, Wallace Air Station, O’Donnell Transmitter Station, San Miguel Naval Communications Station and Capas Relay station), to raise funds by the sale of portions of Metro Manila military camps and to apply said funds for the development and conversion to productive civilian use of the lands covered under the 1947 Military Bases Agreement between the Philippines and the United States of America, as amended.

It is likewise the declared policy of the Government to enhance the benefits to be derived from said properties in order to promote the economic and social development of Central Luzon in particular and the country in general.”

Republic Act No. 7227 goes on further to provide that:

“SEC. 4. *Purposes of the Conversion Authority.* – The Conversion authority shall have the following purposes:

x x x

(c) To encourage the active participation of the private sector in transforming the Clark and Subic military reservations and their extensions into other productive uses;”

The establishment, registration, and operation of respondent Clark Liberty and the other enterprises within the Clark Special Economic Zone are projects (involving the private sector) which convert Clark Air Base, a military reservation, “into productive uses.” In this connection, Section 21 of R.A. No. 7227 provides:

“SEC. 21. *Injunction and Restraining Order.* – The implementation of the projects for the conversion into alternative productive uses of the military reservations are urgent and necessary and shall not be restrained or enjoined except by an order issued by the Supreme Court of the Philippines.”

Verily, the Court of Appeals did not err when it dismissed CA-G.R. SP No. 63802 for want of jurisdiction.

WHEREFORE, the instant petition is DENIED. The Decision of the Court of Appeals dated May 27, 2002 and its Resolution dated November 29, 2002, in CA-G.R. SP No. 63802 are AFFIRMED. Costs against petitioner.

SO ORDERED.

Panganiban, (Chairman), Corona, and Carpio-Morales, JJ., concur.

^[1] *Rollo* at 10-16. Penned by Associate Justice Mercedes Gozo-Dadole and concurred in by Associate Justices Salvador J. Valdez, Jr., and Amelita G. Tolentino.

^[2] *Id.* at 19.

^[3] *Id.* at 143.

^[4] *Id.*

^[5] *Id.*

^[6] *Id.* at 64-65.

^[7] *Id.* at 42.

^[8] *US vs. Limsiongco*, 41 Phil. 94, 101 (1920); *Herrera vs. Baretto and Joaquin*, 25 Phil. 245, 251 (1913).

^[9] *Reyes vs. Diaz*, 73 Phil. 484, 487 (1941).

^[10] *People vs. Jose de Martinez*, 76 Phil. 599, 601 (1946).

^[11] *Dionisio vs. Sioson Puerto*, G.R. No. 39452, October 31, 1974, 60 SCRA 471, 477.

^[12] *Leoquinco vs. Canada Dry Bottling Co. of the Phil., Inc., Employees Association*, G.R. No. 28621, February 22, 1971, 37 SCRA 535, 548.