A DEAD LIMB UPON THE QUASI-JUDICIAL TREE: THE NECESSITY OF THE REMEDY OF ANNULMENT OF JUDGMENT AGAINST FRAUD AND COLLUSION IN THE EXERCISE OF QUASI-JUDICIAL POWER*

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> *Fraud is an extrinsic collateral act which vitiates the most solemn proceedings of Courts of justice. Lord Coke says it avoids all judicial acts, ecclesiastical or temporal.*
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> –William De Grey, C.J.[1]

I. INTRODUCTION

It has been oft-said that due process is one of the cornerstones of a free society. A society bereft of due process is one where tyranny prevails and arbitrariness and caprice defines the norm. The right is enshrined in

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[1] Duchess of Kingston's Case, 2 Sm. L. C. 687 (1776).

the first sentence of our Bill of Rights, that no person shall be deprived of life, liberty, and property without due process of law.[2] Due process is the very essence of invaluable justice, and therefore, denial of due process is no less than a denial of justice itself.[3] So paramount is the right that it forms the very foundation of the adversarial system that is instituted by our laws for the settlement of disputes and controversies.

The right as it is framed is broad and all-encompassing. In the words of Justice Frankfurter, the Due Process Clause embodies a system of rights based on moral principles so deeply imbedded in the traditions and feelings of our people as to be deemed fundamental to a civilized society as conceived by our whole history.[4] However, it cannot be denied that there can be no controlling and precise definition of due process[5] for it is as elusive as a definition of Philippine society and its members that it seeks to protect. To be sure, eminent jurists have attempted abstractions to arrive at a meaningful concept of due process. Judge Thomas Cooley, in his treatise on Constitutional Law, defines due process as:

> Due process of law in each particular case means such an exertion of the powers of the government as the settled maxims of law permit and sanction, and under such safeguards for the protection of individual rights as those maxims prescribed for the class of cases to which the one in question belongs.[6]

Indeed, contemporary constitutional doctrine has held due process as furnishing "a standard to which governmental action should conform in order that deprivation of life, liberty or property, in each appropriate case, be valid."[7] But what standard does due process signify? In the landmark

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[2] CONST. art.III, §1.

[3] Macias v. Macias, G.R. No. 149617, 410 SCRA 365, 366 Sept. 03, 2003 *citing* Serrano v. Nat'l Labor Relations Commission, G.R. No. 117040, 323 SCRA 445, 545, Jan. 27, 2000 (Panganiban, J., *concurring*). *See also* Better Buildings, Inc. v. Nat'l Labor Relations Commission, G.R. No. 109714, 283 SCRA 242 Dec. 15, 1997 (Panganiban, J., *concurring and dissenting*).

[4] Solesbee v. Balkcom, 339 U.S. 9, 16 (1950) (Frankfurter, J., *dissenting*). Due process is violated if a practice or rule "offends some principle of justice so rooted in the traditions and conscience of our people as to be ranked as fundamental." Snyder v. Massachusetts, 291 U.S. 97, 105 (1934).

[5] City of Manila v. Laguio, Jr., G.R. No. 118127, 455 SCRA 308, 329, Apr. 12, 2005. *See* U.S. v. Ling Su Fan, G.R. No. 3962, 10 Phil. 104, Feb. 10, 1908; Insular Gov't v. Ling Su Fan, G.R. No. 5038, 15 Phil. 58, Jan. 24, 1910.

[6] THOMAS COOLEY, A TREATISE ON THE CONSTITUTIONAL LIMITATIONS 356 (1868) *as cited in* U.S. v. Ling Su Fan, G.R. No. 5038, 15 Phil. 58, Jan. 24, 1910.

[7] City of Manila, 455 SCRA at 329-31.

case of *Ermita-Malate Hotel Assn. v. Mayor of Manila*,[8] the Supreme Court declared:

> [Due process] is responsiveness to the supremacy of reason, obedience to the dictates of justice. Negatively put, arbitrariness is ruled out and unfairness avoided. To satisfy the due process requirement, official action, to paraphrase Cardozo, must not outrun the bounds of reason and result in sheer oppression. Due process is thus hostile to any official action marred by lack of reasonableness. Correctly has it been identified as freedom from arbitrariness. It is the embodiment of the sporting idea of fair play. It exacts fealty "to those striving for justice' and judges the act of officialdom of whatever branch 'in the light of reason drawn from considerations of fairness that reflect traditions of legal and political thought."[9]

The foregoing principles underlie the processes observed in the furtherance of justice and implementation of the law by administrative agencies. However, such lofty principles present difficulties in translating them into concrete frameworks to address the pressing issues surrounding cases of flesh and blood. Concrete standards that considerably restrain the exercise of discretion of the administrative decision-maker are crucial. Yet in the delineation of the line between discretion and deference, we only have jurisprudence, both Philippine and American, to turn to as a guide. In his dissent in *Romualdez v. Commission on Elections*,[10] Justice Dante Tinga explains the expansion of the bounds of due process protection:

> The potency of the due process clause has depended on judicial refinement, to allow for the crystallization of its abstract ideals into a set of standards, from which a deliberate determination can be had whether the provision bears operative effect following a given set of facts.[11]

The contours of the Philippine concept of due process have been tediously developed through the resolution of actual and concrete cases which involve real and substantive rights of persons. As the law stands, due process is understood to involve both a substantive and a procedural

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[8] G.R. No. 24693, 20 SCRA 849, Jul. 31, 1967.

[9] *Id.* at 860-61. *See also* Morfe v. Mutuc, G.R. No. 20387, 22 SCRA 424, Jan. 31, 1968; Santiago v. Alikpala, G.R. No. 25133, 25 SCRA 356, Sept. 28, 1968; Tinio v. Mina, G.R. No. 29488, 26 SCRA 512, Dec. 24, 1968.

[10] G.R. No. 167011, 553 SCRA 370, Dec. 11, 2008 (Tinga, J., *dissenting*).

[11] *Id.* at 461, *citing* CHEMERINSKY, CONSTITUTIONAL LAW: PRINCIPLES AND POWERS (2002 ed.).

aspect.[12] The procedural aspect of due process has been said as the means by which parties may assert substantive rights[13] and dictate the experiences ordinary people have with the law.[14] The repeated contextualization of the law by giving it efficacy within the constructs of the realities faced by modern Philippine society has often breathed life into our own democratic institutions.

This concept of due process, as it is understood in contemporary Philippine law, is the very basis upon which our present mechanisms for dispute settlement rest. It must be remembered that the framework of law that we have in place exists precisely for a definite purpose: the enforcement and protection of rights enshrined by law and the Constitution. Accordingly, the question begs itself to be asked: how well do our existing legal frameworks safely guarantee the enjoyment of this fundamental right? For indeed, it is only when we test the efficacy of our legal frameworks from the yardstick of rigorous critique that we are able to advance the nation towards the achievement of a truly just, humane, and democratic society.

For this paper, we strived to examine the system of administrative adjudication of disputes through quasi-judicial agencies explicitly empowered by law for such purpose. This paper examines a line of contemporary rulings by the Supreme Court effectively denying the remedy of annulment of judgments from final decisions or orders of quasi-judicial agencies. The paper focuses on examining the general law governing the delineation of jurisdiction between courts and administrative agencies and proceeds to examine the roots of the doctrine and the rationale given therefor. Finally, the paper re-examines such doctrine through the lens of procedural due process and proposes an alternate procedure that affords an opportunity to remedy the tolerance of violation of rights to which the present system is most vulnerable.

II. QUASI-JUDICIAL POWER AND THE PHILIPPINE LEGAL SYSTEM

In general, administrative power is concerned with the work of applying policies and enforcing orders as determined by proper

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[12] G.R. No. 122846, 576 SCRA 416, 435-36, Jan. 20, 2009.

[13] Bryan Dennis Tiojanco & Leandro Angelo Y. Aguirre, *The Scope, Justifications and Limitations of Extradecisional Judicial Activism and Governance in the Philippines*, 84 Phil. L.J. 73, 111 (2009) *citing* CHARLES GRAU, JUDICIAL RULEMAKING: ADMINISTRATION, ACCESS AND ACCOUNTABILITY 3 (1978).

[14] *Id.*

governmental organs.[15] Administrative power flows from executive power of the Government and is therefore held by the President and delegated to his officials and the corresponding employees of administrative agencies who are empowered to act and implement the law within its prescribed limits. Corollary to the power of control, the President also has the duty of supervising the enforcement of laws for the maintenance of general peace and public order.

As a result of the growing complexity of the modern society, it has become necessary to create more and more administrative bodies to help in the regulation of its ramified activities. Specialized in the particular fields assigned to them, they can deal with the problems thereof with more expertise and dispatch than can be expected from the legislature or the courts of justice. This is the reason for the increasing vesture of quasi-legislative and quasi-judicial powers in what is now not unquestionably called the fourth department of the government.[16]

A. Quasi-judicial Power of Administrative Agencies

Quasi-judicial or administrative adjudicatory power is the power held by certain administrative agencies to hear and determine questions of fact to which the legislative policy is to apply and to decide in accordance with the standards laid down by the law in enforcing and administering the same.[17]

A quasi-judicial agency has been defined as "an organ of government, other than a court or legislature, which affects the rights of private parties through either adjudication or rule-making."[18] Essentially, a

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[15] Alexandria Condominium Corp. v. Laguna Lake Dev't Authority, G.R. No. 169228, 599 SCRA 452, 461-62, Sept. 11, 2009 *citing* Review Center Association of the Phil. v. Executive Secretary Ermita, G.R. No. 180046, 583 SCRA 428, Apr. 2, 2009.

[16] Solid Homes, Inc. v. Payawal, G.R. No. 84811, 177 SCRA 72, 79, Aug. 29, 1989.

[17] Smart Communications, Inc. v. Globe Telecom, Inc., G.R. No. 151908, 408 SCRA 678, 687, Aug. 12, 2003 *citing* Commissioner of Internal Revenue v. Court of Appeals, G.R. No. 119322, 329 Phil. 987, 1017, Aug. 29, 1996 (Bellosillo, J., *concurring and dissenting*).

[18] Benguet Corp. v. Dep't of Environment and Natural Resources, G.R. No. 163101, 545 SCRA 196, 203, Feb. 13, 2008 *citing* Carpio v. Sulu Resources Dev't, Inc., G.R. No. 148267, 387 SCRA 128, 139, Aug. 2, 2002. *See also* Metro Construction, Inc. v. Chatham Properties, Inc., GR No. 141897, 365 SCRA 697, 722, Sept. 24, 2001; Presidential Anti-Dollar Salting Task Force v. Court of Appeals, G.R. No. 83578, 171 SCRA 348, 360, March 16, 1989.

quasi-judicial agency is one which exercises a discretion that is essentially judicial in character but is not a tribunal within the judicial branch of government and is not a court exercising judicial power in the constitutional sense.[19]

The administrative body exercises its quasi-judicial power when it performs in a judicial manner an act which is essentially of an executive or administrative nature, where the power to act in such manner is incidental to or reasonably necessary for the performance of the executive or administrative duty entrusted to it. In carrying out their quasi-judicial functions, the administrative officers or bodies are required to investigate facts or ascertain the existence of facts, hold hearings, weigh evidence, and draw conclusions from them as basis for their official action and exercise of discretion in a judicial nature.[20]

It has been said that "the very definition of an administrative agency includes its being vested with quasi-judicial powers."[21] This is not necessarily true, for a broad and haphazard appreciation of the said *dictum* would have the effect of vesting the entire executive branch, with all its bureaus and instrumentalities, with quasi-judicial power, despite the actual delineation of the powers vested in such agencies by Congress. Numerous cases have already drawn a distinction between mere exercise of administrative power and quasi-judicial discretion.

The very essence of this adjudicatory power is not simply the coupling of the faculty of receiving evidence and making conclusions of fact therefrom but rather the inclusion of the faculty of applying the law to such conclusions. Judicial or quasi-judicial function involves the determination of what the law is, and what the legal rights of the contending parties are with respect to the matter in controversy.[22] In other words, the tribunal, board or officer exercising judicial or quasi-judicial function must be clothed with power and authority to pass judgment or

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[19] Mendoza v. Commission on Elections, G.R. No. 188308, 603 SCRA 692, 710-11, Oct. 15, 2009 *citing* Cipriano v. Commission on Elections, G.R. No. 158830, 436 SCRA 45, Aug. 10, 2004; Sandoval v. Commission on Elections, G.R. No. 133842, 323 SCRA 403, Jan. 26, 2000. *See also* Midland Insurance Corp. v. Intermediate Appellate Court, G.R. No. 71905, 143 SCRA 458, Aug. 13, 1986.

[20] *Id. See also* Villarosa v. Commission on Elections, G.R. No. 133927, 377 Phil. 497, 506-07, Nov. 29, 1999.

[21] Francisco, Jr., v. Toll Regulatory Board, G.R. No. 166910, 633 SCRA 470, 520, Oct. 19, 2010; United Coconut Planter's Bank v. E. Ganzon, Inc., G.R. No. 168859, 591 SCRA 321, 338, Jun. 30, 2009; Metro Construction, Inc. v. Chatham Properties, Inc., G.R. No. 141897, 365 SCRA 697, 722, Sept. 24, 2001.

[22] Doran v. Executive Judge, G.R. No. 151344, 503 SCRA 106, 112, Sept. 26, 2006; Santiago v. Bautista, G.R. No. 25024, 32 SCRA 188, 196-98, Mar. 30, 1970.

render a decision on the controversy by construing and applying the laws to that end.[23]

Thus, in *Bautista v. Court of Appeals*[24] and *Santos v. Go*,[25] the Supreme Court held that the Department of Justice (DOJ) is not a quasi-judicial agency or its public prosecutors, strictly, quasi-judicial officers.[26] It has likewise been held that the National Conciliation and Mediation Board (NCMB) does not possess adjudicatory or quasi-judicial powers as provided by the Labor Code and Executive Order No. 126.[27] Where the law intended that an administrative agency is limited to performing investigations or fact-finding functions, the agency cannot exercise quasi-judicial functions.[28]

In general, the quantum of quasi-judicial powers which an administrative agency may exercise is defined in its enabling act. In other words, the extent to which an administrative entity may exercise such powers depends largely, if not wholly, on the provisions of the statute creating or empowering such agency.[29] Nonetheless, a grant of jurisdiction on quasi-judicial agencies necessarily includes such implied powers that can be inferred or are implicit in the wordings of the law or conferred by necessary or fair implication.[30] Thus, it has been held that the issuance of

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[23] Santiago v. Bautista, G.R. No. 25024, 32 SCRA 188, 196-98, March 30, 1970 *citing* Municipal Council of Lemery v. Provincial Board of Batangas, G.R. No. 36201, 56 Phil. 260, 268, Oct. 29, 1931.

[24] G.R. No. 143375, 413 Phil. 159, 168-169, Jul. 6, 2001.

[25] G.R. No. 156081, 473 SCRA 350, 360-361, Oct. 19, 2005.

[26] *See also* Spouses Balangauan v. Court of Appeals, G.R. No. 174350, 562 SCRA 184, Aug. 13, 2008; Sy Tiong Shiou v. SyChim, G.R. No. 174168, 582 SCRA 517, Mar. 30, 2009.

[27] Tabigue v. International Copra Export Corp., G.R. No. 183335, 609 SCRA 223, Dec. 23, 2009.

[28] Simon v. Commission on Human Rights, G.R. No. 100150, Jan. 5, 1994; Export Processing Zone Authority v. Commission on Human Rights, G.R. No. 101476, 208 SCRA 125, Apr. 14, 1992; Cariño v. Commission on Human Rights, G.R. No. 96681, 204 SCRA 483 Dec. 2, 1991.

[29] City of Baguio v. Niño, G.R. No. 161811, 487 SCRA 216, 225, Apr. 12, 2006 *citing* Antipolo Realty Corp.v. Nat'l Housing Authority, G.R. No. L-50444, 153 SCRA 399, 407, Aug. 31, 1987.

[30] *See* Hacienda Luisita, Inc. v. Presidential Agrarian Reform Council, G.R. No. 171101, 660 SCRA 525, Jul. 5, 2011, Soriano v. Laguardia, G.R. No. 164785, Apr. 29, 2009; Chavez v. Nat'l Housing Authority, G.R. No. 164527, 530 SCRA 235, 295-296, Aug. 15, 2007; Radio Communications of the Phil., Inc. v. Santiago, G.R. No. 29236, 58 SCRA 493, 497 Aug. 21, 1974; Azarcon v. Sandiganbayan, G.R. No. 116033, 268 SCRA 747, 761, Feb. 26, 1997; Laguna Lake Dev't Authority v. Court of Appeals, G.R. No. 110120, 231 SCRA 292, Mar. 16, 1994; Republic v. Court of Appeals, G.R. No. 90482, 200 SCRA 266, Aug. 5, 1991;

an *ex parte* cease and desist order is the grant to a tribunal or agency of adjudicatory power, or the authority to hear and adjudge cases, should normally and logically be deemed to include the grant of authority to enforce or execute the judgments it renders, unless the law provides otherwise.[31]

Be that as it may, it must be emphasized that the grant of adjudicatory powers is in the nature of a limited and special jurisdiction; that is, the authority to hear and determine a class of cases within the agency's competence and field of expertise.[32] The rationale for such rule is rooted in the principle of separation of powers. The investiture of quasi judicial powers on a quasi-judicial agency does not put such agency at par with the regular courts of justice. In conferring such adjudicatory powers and functions on an administrative agency, the legislature could not have intended to provide it with all the vast powers inherent in a regular court of justice.[33] Thus, it has been held that a quasi-judicial agency has no authority to issue a writ of *certiorari*.[34]

B. Due Process before Quasi-Judicial Agencies

Considering the very nature of quasi-judicial power touches upon fundamental and proprietary freedoms and rights, it is significant to note the malleable standard of due process that has emerged in proceedings before administrative agencies exercising quasi-judicial power. The fundamental requirement of due process is the opportunity to be heard "at a meaningful time and in a meaningful manner"[35] or an "opportunity to be heard".[36] Indubitably, procedural due process of law lies at the foundation of a civilized society which accords paramount importance to justice and fairness.[37] The seminal case of *Ang Tibay v. Court of Industrial Relations*[38]

Guerzon v. Court of Appeals, G.R. No. 77707, 164 SCRA 182, Aug. 8, 1988; Angara v. Electoral Commission, 63 Phil. 139, 177 (1936).

[31] Union Bank of the Phil. v. Securities and Exchange Commission, G.R. No. 165382, 499 SCRA 253, 263, Aug. 17, 2006 *citing* Gov't Service Insurance System v. Heirs of Eusebio Manuel, G.R. No. 96938, 202 SCRA 799, 805, Oct. 15, 1991.

[32] *See* Dep't of Agrarian Reform Adjudication Board v. Lubrica, G.R. No. 159145, 457 SCRA 800, 811, Apr. 29, 2005.

[33] *Id.*

[34] Fernandez v. Fulgueras, G.R. No. 178575, 622 SCRA 174, 178, June 29, 2010.

[35] Matthews v. Elridge, 424 U.S. 319, 333 (1976) *citing* Armstrong v. Manzo, 380 U.S. 545, 552 (1965).

[36] Grannis v. Ordean, 234 U.S. 385, 394 (1914).

[37] Secretary of Justice v. Lantion, G.R. No. 139465, 343 SCRA 377, 391, Oct. 17, 2000.

provides for seven (7) "cardinal rights" in justiciable cases before administrative tribunals. These rights have been summarized, as follows:

> 1) The right to a hearing, which includes the right to present one's case and submit evidence in support thereof.
> 2) The tribunal must consider the evidence presented.
> 3) The decision must have something to support itself.
> 4) The evidence must be substantial.
> 5) The decision must be rendered on the evidence presented at the hearing, or at least contained in the record and disclosed to the parties affected.
> 6) The tribunal or body or any of its judges must act on its or his own independent consideration of the law and facts of the controversy and not simply accept the views of a subordinate in arriving at a decision.
> 7) The board or body should, in all controversial questions, render its decision in such a manner that the parties to the proceeding can know the various issues involved, and the reason for the decision rendered.[39]

These standards laid down in *Ang Tibay* provide a more concrete framework of due process that takes further the words of Daniel Webster of due process as requiring that "a law which hears before it condemns, which proceeds upon inquiry and renders judgment only after trial."[40] This right to procedural due process is "absolute" in the sense that it does not depend upon the merits of a claimant's substantive assertions.[41] Insofar as administrative proceedings are concerned, the central element of fairness is

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[38] G.R. No. 46496, 69 Phil. 635 Feb. 27, 1940.

[39] Solid Homes, Inc. v. Laserna, G.R. No. 166051, 550 SCRA 613, 626-627 and 629, Apr. 8, 2008 *See also* Globe Telecom, Inc. v. Nat'l Telecommunications Commission, G.R. No. 143964, 435 SCRA 110, 141, Jul. 26, 2004 *citing* Nat'l Dev't Co. v. Collector of Customs of Manila, G.R. No.19180, 118 Phil. 1265, 1270-1271 Oct. 31, 1963.

[40] Dartmouth College v. Woodward, 4 Wheat. 518. *See also* Flores v. Buencamino, G.R. No. 43815, 74 SCRA 332, Dec. 17, 1976; Lorenzana v. Cayetano, G.R. No. 37051, 78 SCRA 485, Aug. 31, 1977; Loquias v. Rodriguez, G.R. No. 38388 65 SCRA 659, July 31, 1975.

[41] Carey v. Piphus, 435 U.S. 247, 264 (1978). *See also* Fuentes v. Shevin, 407 U.S. 67, 87 (1972); Coe v. Armour Fertilizer Works, 237 U.S. 413, 424 (1915); Rees v. Watertown, 19 Wall. 107, 86 U.S. 107, 123 (1873).

essential.[42] This principle of procedural due process has been explained, as follows:

> At its most basic, procedural due process is about *fairness* in the mode of procedure to be followed. It is not a novel concept, but one that traces its roots in the common law principle of natural justice.
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> Natural justice connotes the requirement that administrative tribunals, when reaching a decision, must do so with procedural fairness. If they err, the superior courts will step in to quash the decision by *certiorari* or prevent the error by a writ of prohibition. The requirement was initially applied in a purely judicial context, but was subsequently extended to executive regulatory fact-finding, as the administrative powers of the English justices of the peace were transferred to administrative bodies that were required to adopt some of the procedures reminiscent of those used in a courtroom. Natural justice was comprised of two main sub-rules: *audi alteram partem* – that a person must know the case against him and be given an opportunity to answer it; and *nemo judex in sua cause debe esse* - the rule against bias.[43]

The rule on procedural due process as applied to quasi-judicial agencies is synthesized in contemporary jurisprudence, particularly in *Mendoza v. Commission on Elections*:[44]

> The first of the enumerated rights pertain to the substantive rights of a party at **hearing stage** of the proceedings. The essence of this aspect of due process, we have consistently held, is simply the opportunity to be heard, or as applied to administrative proceedings, an opportunity to explain one's side or an opportunity to seek a reconsideration of the action or ruling complained of. A formal or trial-type hearing is not at all times and in all instances essential; in the case of COMELEC, Rule 17 of its Rules of Procedure defines the requirements for a hearing and these serve as the standards in the determination of the presence or denial of due process.
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> The second, third, fourth, fifth, and sixth aspects of the *Ang Tibay* requirements are reinforcements of the right to a

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[42] Cesa v. Office of the Ombudsman, G.R. No. 166658, 553 SCRA 357, Apr. 30, 2008 *citing* Adamson & Adamson, Inc. v. Amores, G.R. No. 58292, 152 SCRA 237, 250, Jul. 23, 1987.

[43] Perez v. Philippine Telegraph and Telephone Company, G.R. No. 152048, 584 SCRA 110, 130-131, Apr. 7, 2009 (Brion, J., *concurring*).

[44] G.R. No. 188308, 603 SCRA 692, Oct. 15, 2009.

> hearing and are the inviolable rights applicable at the **deliberative stage**, as the decision-maker decides on the evidence presented during the hearing. These standards set forth the guiding considerations in deliberating on the case and are the material and substantial components of decision-making. *Briefly, the tribunal must consider the totality of the evidence presented which must all be found in the records of the case (i.e., those presented or submitted by the parties); the conclusion, reached by the decision-maker himself and not by a subordinate, must be based on substantial evidence.*
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> Finally, the last requirement, relating to the form and substance of the decision of a quasi-judicial body, further complements the hearing and decision-making due process rights and is similar in substance to the constitutional requirement that a decision of a court must state distinctly the facts and the law upon which it is based. As a component of the rule of fairness that underlies due process, this is the *"duty to give reason"* to enable the affected person to understand how the rule of fairness has been administered in his case, to expose the reason to public scrutiny and criticism, and to ensure that the decision will be thought through by the decision-maker.[45]

The jurisprudential force of the aforementioned principles are beyond doubt, having been time and again upheld by the Supreme Court in cases too numerous to mention. It must be pointed out, however, that the devil is in the details. Ever present is that lurking pitfall for the infringement of due process through prevailing administrative procedures promulgated by every administrative agency and the available recourses therefrom under our existing framework of law. That every administrative agency has rule-making powers to promulgate rules of procedure for proceedings before it is indubitable. Nonetheless, it appears that most, if not every administrative agency in existence, has saw it fit to exercise such power to its hilt which has resulted in the promulgation of rules of procedure as numerous as there are administrative agencies in existence. While most rules generally follow the sketch of due process as it is interpreted by the judiciary, every administrative issuance possesses a distinctive variance therefrom. These variances are presumably dictated by the technical niceties and nuances of the object or phenomenon subject of administrative regulation. Such provisions laid down by the agency concerned, however, has the effect of determining the overall manner by which a party is to be given an opportunity to be heard.

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[45] *Id.* at 713-14 (citations omitted).

C. Administrative Appeal

The rules of procedures promulgated by administrative agencies may be expansive or restrictive, as determined by the appropriate authority upon a full consideration of the necessities surrounding the resolution of certain cases. This aspect is most apparent in the manner by which appeal is made from decisions, resolutions, or final orders of quasi-judicial agencies.

Consider for example the Department of Agrarian Reform (DAR) empowered to implement the State's agrarian reform program and all agrarian reform laws.[46] The law explicitly vests the DAR with quasi-judicial power to determine and adjudicate agrarian reform matters as well as all matters involving the implementation of agrarian reform.[47] In this regard, the same law provides appeals from the DAR in the exercise of its quasi-judicial power may be brought to the Court of Appeals by certiorari within fifteen (15) days from receipt of a copy thereof.[48] However, pursuant to the DAR's inherent rule-making power,[49] the DAR Secretary promulgated administrative issuances providing for a mode of appeal to the Office of the President from decisions, resolutions, and final orders of the DAR Secretary.[50] The validity of this additional mode of appeal to the Office of the President was upheld in *Valencia v. Court of Appeals*[51] by applying the principle of exhaustion of administrative remedies. The Court, citing the 1962 case of *Calo v. Fuertes*,[52] held:

> An administrative decision must first be appealed to administrative superiors up to the highest level before it may be elevated to a court of justice for review. The power of judicial review may therefore be exercised only if an appeal is first made by the highest administrative body in the hierarchy of the executive branch of government.
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> In *Calo v. Fuertes* this Court held that an administrative appeal to the President was the final step in the administrative process and thus a condition precedent to a judicial appeal. Hence, an appeal to the Office of the President from the

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[46] Exec. Order No. 129-A, Reorganization Act of the Department of Agrarian Reform(1987).

[47] Rep. Act No. 6657, §50.

[48] Rep. Act No. 6657, §54.

[49] Rep. Act No. 6657, §49.

[50] *See* DAR Administrative Order No. 3, Series of 2003.

[51] G.R. No. 122363, 401 SCRA 666, Apr. 29, 2003.

[52] G.R. No. 16537, 5 SCRA 397 Jul. 29, 1962.

> decision of the Department Secretary in an administrative case is the last step that an aggrieved party should take in the administrative hierarchy, as it is a plain, speedy and adequate remedy available to the petitioner.[53]

The clear implication of the following ruling is that an appeal to the Office of the President is always the final step in the hierarchy of administrative remedies pursuant to the rule on exhaustion of administrative remedies. This ruling, however, seems to conflict with black-letter law. On the matter of appeals from administrative agencies, Book VII, Chapter IV, Section 7 of the Administrative Code of 1987 provides that the general rule is that decisions of heads of administrative agencies shall be subject to judicial review pursuant to the procedure provided therein. Apparent adherence to the *Calo* doctrine is shown by Administrative Order No. 18, Series of 1987[54] and is cited by commentators as persuasive on this issue.[55] However, the jurisprudential value of *Calo* is doubtful considering the weight of authority against it.[56] More importantly, the explicit provisions of the Administrative Code, having the force of law enacted by the legislature,[57] prevail over the jurisprudential rule of *Calo* which was decided pursuant to principles of law under the old Administrative Code.

That having been said, the fact remains that the prevailing view in our jurisdiction remains faithful to *Calo* and the decisions sustaining such view.[58] This notwithstanding, the trend of recent laws enacted by Congress

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[53] Calo, 5 SCRA at 683.

[54] Entitled "Prescribing Rules and Regulations Governing Appeals to the Office of the President of the Phil.," issued on Feb. 12, 1987.

[55] CARLO CRUZ PHILIPPINE ADMINISTRATIVE LAW 177-78 (2007).

[56] *See* Demaisip v. Court of Appeals, G.R. No. 13000, 106 Phil. 237, Sept. 25, 1959; Bartulata v. Peralta, G.R. No. 23155, 59 SCRA 7, Sept. 9, 1974; Kilusang Bayan v. Dominguez, G.R. No. 85439, 205 SCRA 92, Jan. 13, 1992; Paat v. Court of Appeals, G.R. No. 111107, 266 SCRA 167, Jan. 10, 1997; Cuevas v. Bacal G.R. No. 139382, 347 SCRA 338, Dec. 6, 2000.

[57] The Administrative Code was approved on Jul. 25, 1987, on the last day that President Corazon Aquino wielded legislative power under the Freedom Constitution (FREEDOM CONST. art. II, §1 *in connection with* 1987 CONST. art. XVIII, §6). Thus, she lost legislative power only on Jul. 26, 1987, when the First Congress under the 1987 Constitution was convened (*see* Municipality of San Juan v. Court of Appeals, G.R. No. 125183, 279 SCRA 711, Sept. 29, 1997). The Administrative Code took effect one year after its publication in the Official Gazette (ADMIN. CODE, bk. VII, ch.4, §29). Accordingly, the *Calo* doctrine and Administrative Order No. 18, Series of 1987 should have been deemed abandoned upon the effectivity of the Administrative Code of 1987.

[58] *See* ABAKADA Guro Party List v. Ermita, G.R. No. 168056, 469 SCRA 1, Sept. 1, 2005.; Land Car, Inc. v. Bachelor Express, Inc., G.R. No. 154377, 417 SCRA 307, Dec. 8, 2003. For another perspective on the *Calo* ruling, *see* Rogelio

remains silent on the availability of the remedy of appeal, which is, in fact, merely statutory in nature.[59] Thus, where the enabling law or charter of an administrative agency is silent as to the availability of an appeal from the judgment of an administrative agency, then no appeal may be entertained therefrom. Accordingly, rules of procedure of certain quasi-judicial agencies such as the Energy Regulatory Commission and the Housing and Land Use Regulatory Board are silent on the availability of the remedy of appeal. Jurisprudence would provide that the appropriate remedy therefrom is judicial review by way of the writs of *certiorari, mandamus,* and prohibition.[60] Nonetheless, mention must be made of Administrative Order No. 22, Series of 2011[61] which provides that unless otherwise provided by special law, an appeal to the Office of the President shall be taken within fifteen (15) days from notice of the aggrieved party of the decision/resolution/order appealed from, or of the denial, in part or in whole, of a motion for reconsideration duly filed in accordance with the governing law of the department or agency concerned.

In this regard, the general rule as provided for by the Administrative Code must prevail. That is from any decision, resolution, or judgment of an administrative agency, the general remedy is judicial review in such a manner as may be provided by law[62] or the Rules of Court.[63] The applicability of *Calo* and Administrative Order No. 22, Series of 2011 is limited to those cases where the law explicitly provides for a mode of appeal from the agency concerned to the Office of the President, but is silent as to the procedure as to how such right of appeal may be exercised. This view is in consonance with the rule that administrative orders are but a species of the power of the executive to fill-in the details where the law is silent.

Rules of procedures promulgated by administrative agencies may likewise be restrictive. As to the right of appeal, a good example is the Rules of Procedure of the National Labor Relations Commission (NLRC). Rule VI thereof which governs appeals from the Labor Arbiter to the Commission proper. Section 1 of the said rule prescribes only ten (10)

Subong, *Quo Vadis: Appeals from Quasi-judicial Bodies and Sanctions on Forum Shopping*, 417 SCRA 314 (2003).

[59] De La Cruz v. Ramiscal, G.R. No. 137882, 450 SCRA 449, 457, Feb. 4, 2005,

[60] *See* Macailing v. Andrada, G.R. No. 21607, 31 SCRA 126, Jan. 30, 1970.

[61] Repealing Administrative Order No. 18, Series of 1987.*Available at*: http://www.gov.ph/2011/10/11/administrative-order-no-22-s-2011/ (accessed on Mar. 25, 2012).

[62] *See e.g.* St. Martin Funeral Home v. Nat'l Labor Relations Commission, G.R. No. 130886, 295 SCRA 494, Sept. 16, 1998.

[63] *See* RULES OF COURT, Rule 43.

days, instead of the usual fifteen (15) day period, for the perfection of an appeal by any party from a decision, resolution, or final order of the Labor Arbiter.

D. Judicial Review from the Exercise of Quasi-judicial Discretion

It should be remembered that quasi-judicial powers will always be subject to true judicial power—that which is held by the courts.[64] Thus, the exercise of quasi-judicial power by administrative agencies necessarily implies the availability of recourse to the judiciary from such adjudications. This essential element was intimated by the Supreme Court in *Cariño v. Commission on Human Rights*:[65]

> To be considered such, the faculty of receiving evidence and making factual conclusions in a controversy must be accompanied by the authority of *applying the law to those factual conclusions to the end that the controversy may be decided or determined authoritatively, finally and definitively, subject to such appeals or modes of review as may be provided by law.*[66]

The rationale for judicial review over exercise of quasi-judicial prerogative of administrative agencies lies with the very essence of judicial power since it is the duty of the judiciary to say what the law is.[67] The doctrine of separation of powers makes each branch of government co-equal and coordinate, but supreme in its own sphere. Accordingly, the executive department may not, by its own fiat, impose the judgment of one of its agencies, upon the judiciary.[68]

The determination of the nature, scope and extent of the powers of government is the exclusive province of the judiciary, such that any mediation on the part of the latter for the allocation of constitutional boundaries would amount, not to its supremacy, but to its mere fulfillment of its "solemn and sacred obligation" under the Constitution.[69] Thus, it is inherently the power of the judiciary, under Article VIII, Section 1 of the 1987 Constitution, to "determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part

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[64] Nat'l Housing Authority v. Almeida, G.R. No. 162784, 525 SCRA 383, 394, Jun. 22, 2007.

[65] G.R. No. 96681, 204 SCRA 483, Dec. 2, 1991.

[66] *Id.* at 492.

[67] Marbury v. Madison, 1 Cranch (5 U.S.) 137, 177, (1803).

[68] Nat'l Housing Authority v. Almeida, 525 SCRA at 394.

[69] *Id. citing* Angara v. Electoral Commission, 63 Phil. 139 (1936).

of any branch or instrumentality of the Government." The power of the courts to exercise judicial review likewise finds statutory basis in Article 7 of the Civil Code which provides that "[a]dministrative or executive acts, orders and regulations shall be valid only when they are not contrary to the laws or the Constitution."[70]

Even prior to the explicit constitutional grant of such prerogative to the courts, the inherent power of the judiciary to review administrative acts is well recognized in our jurisdiction. The original formulation of the doctrine in American jurisprudence tended to favour the interpretation that the doctrine of separation of powers precluded the exercise of judicial review over the exercise of administrative power, especially where the law silent as to whether or not such power is indeed available to the judiciary.[71]

The view is easily susceptible of criticism because of its obvious ramifications. In fact, reliance on the said doctrine has led the United States Supreme Court, through the eminent Justice Louis Brandeis, to declare that where "Congress did not provide a method of review, [the parties] are remediless whether the error be one of fact or of law."[72]

This notwithstanding, it is interesting to note that litigants in the Philippines, despite it being an American colony then, were not precluded from availing judicial recourse from the improper exercise of administrative or quasi-judicial discretion. As early as 1921, in the case of *Sotto v. Ruiz*,[73] the Philippine Supreme Court, through Justice Malcolm held that "whether an article is or is not libelous, is fundamentally a legal question."[74] Malcolm concluded that "*[i]n order for there to be due process of law, the action of the Director of Posts must be subject to revision by the courts in case he has abused his discretion or exceeded his authority*" [75]

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[70] Francisco v. House of Representatives, G.R. No. 160261, 415 SCRA 44, 123 Nov. 10, 2003 *citing* VICENTE V. MENDOZA, SHARING THE PASSION AND ACTION OF OUR TIME 62-53 (2003).

[71] Switchmen's Union of North America v. Nat'l Mediation Board, 320 U.S. 297 (1943).

[72] *Id* at 305-306 *citing* Butte, A.& P.R. Co. v. United States, 290 U.S. 127, 142-43, (1933).

[73] G.R. No. 17419, 41 Phil. 468, Mar. 18, 1921. The case arose when the Director of Posts refused to distribute copies of the weekly periodical, *The Independent*, on the ground that it contained libelous matter. An original action for mandamus was filed before the Supreme Court of the Philippines questioning the refusal of the Director of Posts to cause the distribution of the periodical in question.

[74] *Id.* at 470 *citing Ex parte* Jackson, 96 U.S. 838 (1878); Public Clearing House v. Coyne, 194 U.S. 497 (1903); Post Publishing Co. v.Murray, 230 Fed., 773 (1916).

[75] *Id.*

The same conclusion was likewise arrived at in *Reyes v. Topacio*[76] where again Justice Malcolm emphasized that while the Director of Posts has the power to issue fraud orders pursuant to his statutory authority, such power is subject to the limit that any "person injured may apply to the courts for redress in case the Postmaster General has exceeded his authority, or his action is palpably wrong." By such rulings, the availability of judicial review over administrative action is well-recognized notwithstanding the absence of a statutory provision for judicial review of his action.[77]

Accordingly, it is undisputed that the exercise of quasi-judicial power of administrative agencies is always subject to the underlying power of the courts to scrutinize such acts on questions of law and jurisdiction, even though no right of review is given by statute.[78] As it is the inherent power of the courts to decide questions of law, such power cannot be withdrawn by the legislature through a law making a decision final and unappealable.[79] It must be noted that even if the law is silent as to the form of judicial review that may be undertaken from a judgment by an administrative agency, special civil actions for the writs of *certiorari*, prohibition, or *mandamus* will nevertheless be available.[80] In this regard, the words of the eminent Justice Irene Cortes are particularly enlightening:

> In the matter of judicial review of administrative decisions, some statutes especially provide for such judicial review; others are silent. Mere silence, however, does not necessarily imply that judicial review is unavailable. Modes of judicial review vary according to the statutes; appeal, petition for review or a writ of *certiorari*. No general rule applies to all the various administrative agencies. Where the law stands mute, the accepted view is that the extraordinary remedies in the Rules of Court are still available.[81]

It is therefore clear that judicial recourse is always available from any ruling or judgment rendered by a quasi-judicial agency. While it is understandable that the Supreme Court may, in the exercise of its rule-making power, regulate the manner by which it is exercised, such power

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[76] G.R. No. 19650, 44 Phil. 207, Dec. 19, 1922.

[77] Uy v. Palomar, G.R. No. 23248, 27 SCRA 287, 294-95, Feb. 28, 1969.

[78] San Miguel Corp. v. Secretary of Labor, G.R. No. 39195, 64 SCRA 56, 60, May 16, 1975 *citing* 73 C.J.S. §506.

[79] CRUZ at 144.

[80] Macailing, 31 SCRA at 79.

[81] *Id. citing* IRENE CORTES, PHILIPPINE ADMINISTRATIVE LAW, CASES AND MATERIALS 255, 300 (1963).

cannot be exercised to the extent of stifling such right of recourse available to litigants.[82] It is important to emphasize the availability of such remedies for as will be shown later on, certain jurisprudence have operated to cast a cloud in the remedies available to litigants in their attempts to protect or enforce their rights.

E. The Doctrine of Finality of Judgment

Apart from the principle of due process, another fundamental principle underpinning our system of justice is the doctrine of finality and immutability of judgments. This doctrine is the very *raison d'etre* of courts. The early case of *Arnedo v. Llorente*[83] fully explains the concepts of finality and immutability of judgment which, even after more than a century, has remained the prevailing rule as to the disposition of disputes and controversies:

> [I]f by this proposition it is claimed that a final judgment upon which, under the statute, the prevailing party is entitled as of right to have execution issue, can be vacated for the purpose of correcting such errors. It is true that it is the purpose and intention of the law that courts should decide all questions submitted to them "as truth and justice require," and that it is greatly to be desired that all judgments should be so decided; *but controlling and irresistible reasons of public policy and of sound practice in the courts demand that at the risk of occasional error, judgments of courts determining controversies submitted to them should become final at some definite time fixed by law, or by a rule of practice recognized by law, so as to be thereafter beyond the control even of the court which rendered them for*

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[82] Article VIII, Section 5 of the 1987 Constitution provides that the Supreme Court shall have the power to "[p]romulgate rules concerning the protection and enforcement of constitutional rights, pleading, practice, and procedure in all courts, the admission to the practice of law, the integrated bar, and legal assistance to the under-privileged. Such rules shall provide a simplified and inexpensive procedure for the speedy disposition of cases, shall be uniform for all courts of the same grade, and shall not diminish, increase, or modify substantive rights." The authority of the courts to review judgments made in the exercise of quasi-judicial power is inherently vested in courts under the Constitution. Moreover, the availability of judicial review flows from the very essence of judicial duty which is to interpret the law, thereby vesting upon the judiciary the function of resolving questions of law. It is our humble submission, therefore, that the right to invoke the jurisdiction of the courts from judgments of quasi-judicial agencies is a necessary adjunct of a person's right to due process likewise enshrined in the Constitution and therefore, a substantive right which cannot be diminished.

[83] G.R. No. 6313, 18 Phil. 257, Jan. 9, 1911.

> *the purpose of correcting errors of fact or of law*, into which , in the opinion of the court it may have fallen.[84]

Such rule is necessitated not only by prudence or sound reason, but, more importantly, by the dictates of maintaining public stability and order. Thus, the Court went on to say:

> The very purpose for which the courts are organized is to put an end to controversy, to decide the questions submitted to the litigants, and to determine the respective rights of the parties. With the full knowledge that courts are not infallible, the litigants submit their respective claims for judgment, and they have a right at some time or other to have final judgment on which they can rely as a final disposition of the issue submitted, and to know that there is an end to the litigation. "If a vacillating, irresolute judge were allowed to thus keep causes ever within his power, to determine and redetermine them term after term, to bandy his judgments about from one party to the other, and to change his conclusions as freely and as capriciously as a chameleon may change its hues, then litigation might become more intolerable than the wrongs it is intended to redress." And no words would be sufficient to portray the disastrous consequences which would follow the recognition of unbridled power in a court which has the misfortune to be presided over by a venal and corrupt judge, to vacate and amend, in matters of substance, final judgments already entered.[85]

Contemporary rulings of the Supreme Court show a faithful adherence to the doctrine laid down in *Arnedo* from which we derive hornbook principles of remedial law. Thus, the rule remains that a judgment becomes final, immutable, and executory by operation of law upon lapse of the reglementary period to appeal when no motion for reconsideration is filed or no appeal is perfected within such period.[86] Once a judgment becomes final and executory it may no longer be altered, amended or modified, even if such modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of

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[84] *Id.* at 262-63 (emphasis supplied).

[85] *Id.* at 263.

[86] PCI Leasing and Finance, Inc. v. Milan, G.R. No. 151215, 617 SCRA 258, 278-79, Apr. 5, 2010 *citing* Social Security System v. Isip, G.R. No. 165417, 520 SCRA 310, 314-15, Apr. 3, 2007. *See also* Vlason Enterprises Corp. v. Court of Appeals, G.R. No. 121662, 310 SCRA 26, Jul. 6, 1999.

whichever court, be it the highest Court of the land, that renders it.[87] The purpose is to write *finis* to disputes once and for all. This is a fundamental principle in our justice system, without which no end to litigations will take place. Utmost respect and adherence to this principle must always be maintained by those who exercise the power of adjudication. Any act that violates such principle must immediately be struck down.[88] The principle is meant to preserve the stability of decisions rendered by the courts, and to dissuade parties from trifling with court processes. One who has submitted his case to a regular court necessarily commits himself to abide by whatever decision the court may render.[89]

F. Administrative *Res Judicata*

The principle of conclusiveness of prior adjudications is not confined in its operation to the judgments of courts, but extends as well to those of all other tribunals exercising adjudicatory powers.[90] In the early case of *Peñalosa v. Tuason*,[91] the Supreme Court held:

> We do not believe that it could have been the intention of the Code of Civil Procedure thus to set at naught at those basic principles of the doctrines of *res judicata* which are recognized elsewhere in that code; for it is a general rule common to all civilized systems of jurisprudence that "the solemn and deliberate sentence of the law, pronounced by its appointed organs, upon a disputed fact or state of facts, should be regarded as a final and conclusive determination of the question litigated, and should forever set the controversy at rest." Indeed it has been well said that this maxim is more than a mere rule of law; more even than an important principle of public policy; and that it is not too much to say that it is a fundamental concept in the organization of every jural society.[92]

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[87] Session Delights Ice Cream and Fast Foods v. Court of Appeals, G.R. No. 172149, 612 SCRA 10, 19, Feb. 8, 2010 *citing* Equitable Banking Corp. v. Sadac, G.R. No. 164772, 490 SCRA 380, 416-17, Jun. 8, 2006.

[88] Temic Semiconductors, Inc. Employees Union-FFW v. Federation of Free Workers,G.R. No. 160993, 554 SCRA 122, 134, May 20, 2008; Peña v. Gov't Service Insurance System, G.R. No. 159520, 502 SCRA 383, 404, Sept. 19, 2006; Fortich v. Corona, G.R. No. 131457, 289 SCRA 624, 651, Apr. 24, 1998.

[89] Johnson & Johnson (Phils.),Inc. v. Court of Appeals, G.R. No. 102692, 330 Phil. 856, 857, Sept. 23, 1996.

[90] Peña v. Gov't Service Insurance System, G.R. No. 159520, 502 SCRA 383, 404, Sept. 19, 2006; San Luis v. Court of Appeals, G.R. No. 80160, 174 SCRA 258, 271, Jun. 26, 1989.

[91] G.R. No. 6809, 22 Phil. 303, Mar. 22, 1912.

[92] *Id.* at 310 *citing* BLACK on Judgments.

It must be pointed out that the Court spoke of "appointed organs" which then necessarily referred to the judiciary. Such is understandable considering that the aforecited doctrine was promulgated only in 1912, long before the recognition of quasi-judicial power of administrative agencies. However, it is clear the Supreme Court was well aware that the finality of judgments and rulings is a necessary adjunct in any mechanism designed to resolve disputes and controversies, regardless of the body that rendered such judgment. The finality accorded to judgments spring from the very authority vested by law on the court or tribunal to adjudicate and resolve controversies.

Thus, in *Brillantes v. Castro,*[93] the Supreme Court, speaking through Justice Montemayor, unequivocally extended the application of the doctrine of finality and immutability of judgments to adjudications made by quasi-judicial agencies:

> The authorities above cited on *res adjudicata* refer to decisions rendered by the courts. Are they applicable to decisions of a quasi-judicial body like the Wage Administration Service (WAS)? The answer is in the affirmative, as may be seen from the following authorities:
>
> The rule which forbids the reopening of a matter once judicially determined by competent authority applies as well to the judicial and quasi-judicial acts of public, executive, or administrative officers and boards acting within their jurisdiction as to the judgments of courts having general judicial powers. This rule has been recognized as applying to the decisions of road or highway commissioners, commissioners of motor transportation, boards of audit, county boards, tax commissioners, boards, or officers, the federal trade commission, school commissioners, police commissioners, sewers commissioners, land commissioners or officers, collector of customs, referees in bankruptcy' court commissioners, boards or other tribunals administering workmen's compensation acts, and other like officers and boards. However, a particular decision or determination may not be conclusive, as where it was not a judicial, as distinguished from a legislative, executive, or ministerial, determination, or the matter was not within the jurisdiction of the officer or board.
>
> There are, however, cases in which the doctrine of res judicata has been held applicable to judicial acts of public,

[93] G.R. No. 9223, 99 Phil. 497, Jun. 30, 1956.

> executive, or administrative officers and boards. In this connection, it has been declared that whenever a final adjudication of persons invested with power to decide on the property and rights of the citizen is examinable by the Supreme Court, upon a writ of error or a certiorari, such final adjudication may be pleaded as *res judicata*.[94]

Interestingly, the ruling in *Brillantes* was promulgated in 1956, a time when the provision of quasi-judicial powers of administrative agencies was starting to gain acceptance in Philippine law. The 1963 case of *Ipekdjian Merchandising Co., Inc. v. Court of Tax Appeals*,[95] affirmed *Brillantes*. In the said case, the petitioner claimed that *res judicata* cannot be applied to decisions rendered by the Board of Tax Appeals considering that the said Board is devoid of judicial functions. In rejecting such claim, the Court held:

> To say that the doctrine applies exclusively to decisions rendered by what are usually understood as courts would be to unreasonably circumscribe the scope thereof. The more equitable attitude is to allow extension of the defense to decisions of bodies upon whom judicial powers have been conferred.[96]

The Court went on further to say that while the Board was an administrative body, the law[97] had conferred judicial character on the proceedings and decisions of the BTA. Therefore, its decisions received judicial confirmation under the law and the same should be considered final and executory and enforceable by execution, just like any other decision of a court of justice.[98]

In *San Luis v. Court of Appeals*,[99] the Supreme Court, through Justice Irene Cortes, ruled that two different concepts of *res judicata* namely (1) bar by former judgment[100] and (2) conclusiveness of judgment[101]

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[94] *Id. citing* 50 C.J.S., Judgments, §690, pp. 148-49 and 30 Am. Jur., Judgments, §164, p. 910.

[95] G.R. No. 15430, 9 SCRA 72, Sept. 30, 1963.

[96] *Id.* at 75.

[97] Rep. Act No. 1125, An Act Creating the Court of Tax Appeals (1954).

[98] Ipekdjian Merchandising Co., Inc., 9 SCRA at 75.

[99] G.R. No. 80160, 174 SCRA 258, 271-72, Jun. 26, 1989.

[100] There is "bar by former judgment" when, between the first case where the judgment was rendered, and the second case where such judgment is invoked, there is identity of parties, subject matter and cause of action. When the three identities are present, the judgment on the merits rendered in the first constitutes as absolute bar to the subsequent action. It is final as to the claim or demand in controversy, including the parties and those in privity with them, not only as to

likewise extend with full force to administrative judgements. The doctrine became settled law and had been fully adopted in subsequent cases.[102] This doctrine was, however, tempered in *Dinsay v. Cioco*[103] and *Montemayor v. Bundalian,*[104] where the Court limited the application of *res judicata* applies only to judicial or quasi-judicial proceedings, not to the exercise of administrative powers in general. *Dinsay* involved an action for disbarment against Atty. Leopoldo D. Cioco who was then Clerk of Court and *ex-officio* sheriff for the Metropolitan Trial Court of Bacolod City. By way of a defense, Atty. Cioco invoked that the prior finding of administrative liability for grave misconduct against him constituted *res judicata* in the disbarment proceeding. In rejecting his claim, the Court ruled:

> We find this contention to be without merit. "The doctrine of *res adjudicata* applies only to judicial or quasi-judicial proceedings and not to the exercise of the [Court's] administrative powers," as in this case. Neither can it be successfully argued that the instant disbarment case has been already adjudicated in the first *Dinsay case.* Therein, respondent was administratively proceeded against as an erring court personnel under the supervisory authority of the Court. Herein, respondent is sought to be disciplined as a lawyer under the

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every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose. (Nabus v. Court of Appeals, G.R. No. 91670, 193 SCRA 732, 739-40, Feb. 7, 1991).

[101] Conclusiveness of judgment states that a fact or question which was in issue in a former suit and there was judicially passed upon and determined by a court of competent jurisdiction, is conclusively settled by the judgment therein as far as the parties to that action and persons in privity with them are concerned and cannot be again litigated in any future action between such parties or their privies, in the same court or any other court of concurrent jurisdiction on either the same or different cause of action, while the judgment remains unreversed by proper authority. It has been held that in order that a judgment in one action can be conclusive as to a particular matter in another action between the same parties or their privies, it is essential that the issue be identical. If a particular point or question is in issue in the second action, and the judgment will depend on the determination of that particular point or question, a former judgment between the same parties or their privies will be final and conclusive in the second if that same point or question was in issue and adjudicated in the first suit. Identity of cause[s] of action is not required but merely identity of issues. (Cayana v. Court of Appeals, G.R. No. 125607, 426 SCRA 10, 21, Mar. 18, 2004, *citing* Calalang v. Register of Deeds of Quezon City, G.R. No. 76265, 231 SCRA 80, Mar. 11, 1994).

[102] *See* VDA Fish Broker v. Nat'l Labor Relations Commission, G.R. No. 76142, 228 SCRA 681, Dec. 27, 1993; Fortich v. Corona, G.R. No. 131457, 352 Phil. 461, Apr. 24, 1998.

[103] A.C. No. 2995, 264 SCRA 703, Nov. 27, 1996.

[104] G.R. No. 149335, 405 SCRA 264, Jul. 1, 2003.

> Court's plenary authority over members of the legal profession. While respondent is in effect being indicted twice for the same misconduct, it does not amount to double jeopardy as both proceedings are admittedly administrative in nature.[105]

In *Montemayor*, the petitioner invoked the prior dismissal by the Ombudsman of administrative charges against him as a bar to the investigation by the Presidential Commission against Graft and Corruption (PCAGC). The Supreme Court rejected such claim, as follows:

> Lastly, we cannot sustain petitioner's stance that the dismissal of similar charges against him before the Ombudsman rendered the administrative case against him before the PCAGC moot and academic. To be sure, the decision of the Ombudsman does not operate as *res judicata* in the PCAGC case subject of this review. The doctrine of *res judicata* applies only to judicial or quasi-judicial proceedings, not to the exercise of administrative powers. Petitioner was investigated by the Ombudsman for his possible criminal liability for the acquisition of the Burbank property in violation of the Anti-Graft and Corrupt Practices Act and the Revised Penal Code. For the same alleged misconduct, petitioner, as a presidential appointee, was investigated by the PCAGC by virtue of the administrative power and control of the President over him. As the PCAGC's investigation of petitioner was administrative in nature, the doctrine of *res judicata* finds no application in the case at bar.[106]

The doctrine laid down in those cases was, in effect, a recognition of the prior rulings of the Supreme Court in labor cases which were then declared by law to be non-litigious and summary in nature.[107]

The doctrine has been fully consolidated in contemporary jurisprudence beginning with the case of *United Pepsi-Cola Supervisory Union v. Laguesma*[108] which reconciled these seemingly divergent trends of jurisprudence. Now as the rule stands, where administrative proceedings take on an adversarial character, the doctrine of *res judicata* certainly applies.[109] Regardless, it must be emphasized that the rule on finality of

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[105] Dinsay, 264 SCRA at 705.

[106] Montemayor, 405 SCRA at 273.

[107] Razon v. Inciong, G.R. No. 51809, 101 SCRA 738, 742, Dec. 19, 1980; Nasipit Lumber Co., Inc. v. NLRC, G.R. No. 54424, 177 SCRA 93, 100, Aug. 31, 1989.

[108] G.R. No. 122226, 288 SCRA 15, Mar. 25, 1998.

[109] Borlongan v. Buenaventura, G.R. No. 167234, 483 SCRA 405, 415-16, Feb. 27, 2006; Peña v. Gov't Service Insurance System, 502 SCRA at 400; Salazar v. De Leon, G.R. No. 127965, 576 SCRA 447, 461, Jan. 20, 2009; Factura v.

decisions, orders or resolutions of a judicial, quasi-judicial or administrative body is *"not a question of technicality but of substance and merit,"* the underlying consideration therefore, being the protection of the substantive rights of the winning party.[110]

III. REMEDIES FROM FINAL AND EXECUTORY JUDGMENTS

A. Direct and Collateral Attack Against Final Judgments

Notwithstanding the doctrine of finality of judgments, this doctrine, like every principle of law, admits of exceptions. One of the most important exceptions to this doctrine is the concept of void judgments. Generally, a defective but nonetheless final and executory judgment is susceptible of either a direct or collateral attack on its validity.[111] The distinction between a direct and collateral attack on a judgment's validity is expounded in *Roces v. House of Representatives Electoral Tribunal*:[112]

> A direct attack on a judgment or resolution is defined as an attempt to avoid or correct it in some manner provided by law, in a proceeding instituted for that very purpose, in the same action and in the same tribunal. Conversely, a collateral attack is an attempt to impeach the judgment or resolution by matters dehors the record, before a tribunal other than the one in which it was rendered, in an action other than that in which it was rendered; an attempt to avoid, defeat, or evade it, or deny its force and effect, in some incidental proceeding not provided by law for the express purpose of attacking it; any proceeding which is not instituted for the express purpose of annulling, correcting, or modifying such decree; an objection, incidentally raised in the course of the proceeding, which presents an issue collateral to the issues made by the pleadings.[113]

Recognizing the distinction between a direct attack and collateral attack as a mode of declaring the nullity of judgments tends to be confusing if we confine the understanding of void judgments solely to such judgments which are null and void *ab initio*. A closer look at Philippine authorities show that there is a distinction between judgments that are

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Court of Appeals, G.R. No. 166495, 643 SCRA 427, 458-60, Feb.16, 2011; Heirs of Maximino Derla v. Heirs of Catalina Derla, G.R. No. 157717, 648 SCRA 638, 655-56, Apr. 13, 2011.

[110] Peña, 502 SCRA at 403-04 *citing* Long v. Basa, G.R. No. 134963, 366 SCRA 113, 124, Sept. 27, 2001.

[111] *See* Reyes v. Datu, G.R. No. 5549, 94 Phil. 446, 448, Feb. 26, 1954.

[112] G.R. No. 167499, 469 SCRA 681, Sept. 15, 2005.

[113] *Id.* at 695.

inherently void, and therefore void *ab initio*, and there are certain judgments which are merely voidable. Such distinction accounts for certain nuances on the procedure for securing relief from such judgments.

The most important distinction between a void and a voidable judgment is that the former is inherently defective and is always susceptible of collateral attack while the latter may only be assailed by way of a direct proceeding.[114] Thus, in *Gomez v. Concepcion*,[115] the Supreme Court held:

> ... A *voidable* judgment is one which, though not a mere nullity, is liable to be made void when a person who has a right to proceed in the matter takes the proper steps to have its invalidity declared. It always contains some defect which may become fatal. It carries within it the means of its own overthrow. *But unless and until it is duly annulled, it is attended with all the ordinary consequences of a legal judgment. The party against whom it is given may escape its effect as a bar or an obligation, but only by a proper application to have it vacated or reversed. Until that it is done, it will be efficacious as claim, an estoppel, or a source of title. If no proceedings are ever taken against it, it will continue throughout its life to all intents a valid sentence.* If emanating from a court of general jurisdiction, it will be sustained by the ordinary presumptions of regularity, and it is not open to impeachment in any collateral action..."

But it is otherwise when the judgment is void. "*A void judgment is in legal effect no judgment. By it no rights are divested. From it no rights can be obtained. Being worthless in itself, all proceedings founded upon it are equally worthless. It neither binds nor bars any one. All acts performed under it and all claims flowing out of it are void.* The parties attempting to enforce it may be responsible as trespassers. The purchaser at a sale by virtue of its authority finds himself without title and without redress.[116]

As the rule developed in our jurisdiction, voidable judgments have emerged as judgments whose validity is vitiated by fraud or collusion.[117] A voidable judgment is not vulnerable to a collateral attack and may only be set aside by direct action to annul and enjoin its enforcement.[118] In this regard, it can be said distinction between void and voidable judgments is

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[114] Arcelona v. Court of Appeals, G.R. No. 102900, 280 SCRA 20, Oct. 2, 1997.

[115] G.R. No.L-23921, 47 Phil. 717, Mar. 30, 1925.

[116] *Id.* at 722-23 (citations omitted; emphasis supplied).

[117] Pilapil v. Heirs of Maximino R. Briones, G.R. No. 150175, 514 SCRA 197, 220-21, Feb. 5, 2007; Arcelona, 280 SCRA at 34-35. *See also* Ebero v. Cañizares, G.R. No. 1397, 79 Phil. 152, Aug. 30, 1947 (Hilado, *J., dissenting*) *citing* 34 C.J.S. §1310.

[118] Pilapil, 514 SCRA at 222.

quite similar to the difference between a void or inexistent contract and voidable contracts.

Void judgments, on the other hand, are legally inexistent and cannot be the source of any obligation, rights, or responsibility. Where a judgment or judicial order is void in this sense it may be said to be a lawless thing, which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head.[119] Such a judgment is held to be "a dead limb on the judicial tree, which should be lopped off or wholly disregarded as the circumstances require."[120]

From the foregoing, the law provides for remedies by which the foregoing modes of assailing final and executory judgments may be made. The remedies available range from a petition for relief from judgment, a direct action for *certiorari*, a collateral attack against a void judgment, and petition for annulment of judgment.[121]

B. Collateral Attack against a Judgment

The power of a tribunal to collaterally attack the validity of a judgment rendered with want or excess of jurisdiction is well-settled in our jurisdiction. The 1913 case of *Herrera v. Barretto*[122] provides for an extensive review of jurisprudence then prevailing justifying the availability of the remedy of collateral attack against judgment. On this basis, the Supreme Court hinted the availability of a collateral attack on the validity of judgment where the same is "for lack of jurisdiction in the court to pronounce it." In the 1918 case of *El Banco Español-Filipino v. Palanca*,[123] the Supreme Court, speaking through Justice Street, recognized the remedy of assailing the validity of a final and immutable judgment in a collateral proceeding:

> But as we have already seen, the motion attacks the judgment of the court as void for want of jurisdiction over the defendant. The idea underlying the motion therefore is that

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[119] El Banco Español-Filipino v. Palanca, G.R. No. 11390, 37 Phil. 921, 949, Mar. 26, 1918.

[120] Abbain v. Chua, G.R. No.24241, Feb. 26, 1968 *citing* Anuran v. Aquino, G.R. No. 12397, 38 Phil. 29, 36, Apr. 2, 1918.

[121] For an extended discussion on these remedies please see the doctrinal case of Arcelona v. Court of Appeals (G.R. No. 102900, 280 SCRA 20, Oct. 2, 1997) which explains the principles underpinning the extraordinary remedies providing relief against final and executory judgments.

[122] G.R. No. 8692, 25 Phil. 245, Sept. 10, 1913.

[123] *Supra* note 119.

> inasmuch as the judgment is a nullity it can be attacked in any way and at any time. If the judgment were in fact void upon its face, that is, if it were shown to be a nullity by virtue of its own recitals, there might possibly be something in this. Where a judgment or judicial order is void in this sense it may be said to be a lawless thing, which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head.[124]

It may be pointed out that notwithstanding the foregoing *dicta* of the Supreme Court, the *ratio decidendi* in the aforementioned cases do not lend full credence to collateral attacks of judgment as the same were mere incidental issues to the primary controversy. Nonetheless, such rulings laid down the jurisprudential rule which was to be adopted in subsequent rulings of the Supreme Court, thereby entrenching the doctrine of collateral attacks in Philippine law.

As the rule now stands, it is settled that a void judgment or decree is subject to collateral attack in which the purpose of the proceedings is to obtain some relief, other than the setting aside of the judgment, and the attack is only an incident.[125] In case of collateral attack, the principles that apply have been stated as follows:

> The legitimate province of collateral impeachment is void judgments. There and there alone can it meet with any measure of success. Decision after decision bears this import: In every case the field of collateral inquiry is narrowed down to the single issue concerning the void character of the judgment and the assailant is called upon to satisfy the court that such is the fact. To compass his purpose of overthrowing the judgment, it is not enough that he show a mistaken or erroneous decision or a record disclosing non-jurisdictional irregularities in the proceedings leading up to the judgment. He must go beyond this and show to the court, generally from the fact of the record itself, that the judgment complained of is utterly void. If he can do that his attack will succeed for the cases leave no doubt respecting the right of a litigant to collaterally impeach a judgment that he can prove to be void.[126]

When a judgment is sought to be assailed in this manner, the rule is that the attack must be based not on mere errors or defects in the order or judgment, but on the ground that the same is null and void, because the court had no power or authority to grant the relief, or has no jurisdiction

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[124] *Id.* at 949.

[125] Reyes v. Datu, G.R. No. 5549, 94 Phil. 446, Feb. 26, 1954, *citing* 1 FREEMAN ON JUDGMENTS 607-608.

[126] *Id. citing* 1 FREEMAN ON JUDGMENTS 642.

over the subject matter or over the parties, or both.[127] This doctrine is likewise based upon a court's inherent authority to expunge void acts from its records.[128]

C. Action for Annulment of Judgment

The remedy of annulment of judgment is allowed only in exceptional cases and can only be availed of where the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of the petitioner.[129] The rule is well recognized in American and English common law, where it is settled that a judgment may be annulled or vacated on the ground that they were void because of lack of jurisdiction or because they were vitiated by fraud.[130] Nonetheless, the remedy is extraordinary in character and will not so easily lend itself to abuse by parties aggrieved by final judgments.[131]

The very purpose of the action is to have the final and executory judgment set aside so that there will be a renewal of litigation.[132] Due process dictates that litigants be afforded a reasonable opportunity to attack erroneous judgments and be shielded from the adverse effects of void judgments.[133] A judgment can be the subject of an action for annulment on two grounds: (a) the judgment is void for want of jurisdiction or lack of due process of law; or (b) the judgment has been obtained by fraud.[134]

It is only extrinsic or collateral fraud, as distinguished from intrinsic fraud, however, that can serve as a basis for the annulment of

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[127] *Id. citing* I FREEMAN ON JUDGMENTS 650.

[128] Roces v. House of Representatives Electoral Tribunal, G.R. No. 167499, 469 SCRA 681, 695, September Sept. 15, 2005.

[129] RULES OF COURT, Rule 47, §1.

[130] Anuran v. Aquino, G.R. No. 12397, 38 Phil. 29, Apr. 2, 1918; *See* cases cited in Herrera v. Barreto, G.R. No. 8692, 25 Phil. 245, Sept. 10, 1913.

[131] Benatiro v. Heirs of Evaristo Cuyos, G.R. No. 161220, 560 SCRA 478, 494, Jul. 30, 2008.

[132] I MORAN, RULES OF COURT 697 (1950 ed.).

[133] Barco v. Court of Appeals, G.R. No. 120587, 420 SCRA 173, 181, Jan. 20, 2004.

[134] In *Barco v. Court of Appeals*, the Supreme Court noted that the express limitation is significant since previous jurisprudence recognized other grounds as well. The clarity now provided under Section 2, Rule 47 of the 1997 Rules of Civil Procedure proves valuable and definitive, and should preclude subsequent confusion as to the available grounds for annulment of judgment. *See also* II MORAN, COMMENTS ON THE RULES OF COURT, 236-237 (1979 ed.).

judgment.[135] Fraud is extrinsic where it prevents a party from having a trial or from presenting his entire case to the court, or where it operates upon matters pertaining not to the judgment itself but to the manner in which it is procured.[136] The overriding consideration when extrinsic fraud is alleged is that the fraudulent scheme of the prevailing litigant prevented a party from having his day in court.[137] The fraud or deceit cannot be of the losing party's own doing, nor must he contribute to it. The extrinsic fraud must be employed against him by the adverse party, who, because of some trick, artifice, or device, naturally prevails in the suit.[138] It affects not the judgment itself but the manner in which said judgment is obtained.[139] When the ground invoked is extrinsic fraud, annulment of judgment must be sought within four years from discovery of the fraud, which fact should be alleged and proven. In addition, the particular acts or omissions constituting extrinsic fraud must be clearly established.[140]

On the other hand, lack of jurisdiction as a ground for annulment of judgment refers to either lack of jurisdiction over the person of the defending party or over the subject matter of the claim.[141] In a petition for annulment of judgment based on lack of jurisdiction, petitioner must show not merely an abuse of jurisdictional discretion but an absolute *lack* of jurisdiction. Lack of jurisdiction means absence of or no jurisdiction, that is, the court should not have taken cognizance of the petition because the law does not vest it with jurisdiction over the subject matter[142] or that the court never acquired jurisdiction over the person of the defendant by some means sanctioned by law.[143] Thus, where a petitioner filed the action for

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[135] Bobis v. Court of Appeals, G.R. No. 113796, 348 SCRA 23, Dec. 14, 2000 *citing* Makabingkil v. People's Homesite and Housing Corp., G.R. No. 29080, 72 SCRA 326, 343-44, Aug. 17, 1976.

[136] Alaban v. Court of Appeals, G.R. No. 156021, 470 SCRA 697, 708, Sept. 23, 2005.

[137] Carillo v. Court of Appeals, G.R. No. 121165, 503 SCRA 66, 77, Sept. 26, 2006.

[138] Tan v. Court of Appeals, G.R. No. 157194, 491 SCRA 452, 462, Jun. 20, 2006.

[139] Republic v. "G" Holdings, Inc., G.R. No. 141241, 475 SCRA 608, 620-21, November 22, 2005.

[140] People v. Bitanga, G.R. No. 159222, 525 SCRA 623, 624, Jun. 26, 2007.

[141] Tolentino v. Leviste, G.R. No. 156118, 443 SCRA 274, 282, Nov. 19, 2004, citing Alarcon v. Court of Appeals, G.R. No. 126802, 323 SCRA 716, 725, Jan. 28, 2000.

[142] Durisol Phil., Inc. v. Court of Appeals, G.R. No. 121106, 377 SCRA 353, 358, Feb. 20, 2002.

[143] *See* Spouses Galura v. Math-Agro Corp., G.R. No. 167230, 596 SCRA 205, Aug. 14, 2009.

annulment of judgment precisely because of his non-inclusion as a party to the original case, annulment of judgment is proper.[144]

Annulment of judgment is a remedy in law independent of the case where the judgment sought to be annulled was rendered.[145] Consequently, an action for annulment of judgment may be availed of even if the judgment to be annulled had already been fully executed or implemented.[146] The availability of annulment of judgment does not require the petitioner to be a party to the judgment sought to be annulled. What is essential is that he can prove his allegation that the judgment was obtained by the use of fraud and collusion and that he would be adversely affected thereby.[147]

The remedy of annulment of judgment is significant for it is the only remedy available to a party aggrieved by a judgment that is procured by fraud or collusion. It is the remedy that breathes life to the fundamental principle of law that before a person can be deprived of his right or property he should first be informed of the claim against him and the theory on which such claim is premised.[148] It is a remedy so designed to protect a fundamental tenet of due process: that a party be given his day in court.

D. Jurisdictional Basis for Annulment of Judgments

Batas Pambansa (B.P.) Blg. 129, which took effect on August 14, 1981, defines the jurisdiction of the courts on annulment of judgments. Section 9(2) thereof explicitly vested in the then Intermediate Appellate Court (now Court of Appeals [CA]) the jurisdiction over actions for annulment of judgments rendered by the Regional Trial Courts (RTCs). On the other hand, no specific provision provides for the jurisdiction of the RTCs over annulment of judgments. However, such grant of jurisdiction may be inferred from Section 19 (6) of B.P. Blg. 129, which

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[144] Intestate Estate of the Late Nimfa Sian v. Philippine Nat'l Bank, G.R. No. 168882, 513 SCRA 662, 671, Jan. 31, 2007; Nat'l Housing Authority v. Evangelista, G.R. No. 140945, 458 SCRA 469, 479, May 16, 2005; Orbeta v. Sendiong, G.R. No. 155236, 463 SCRA 180, 194-95, Jul. 8, 2005.

[145] Islamic Da'wah Council of the Phil. v. Court of Appeals, G.R. No. 80892, 178 SCRA 178, 184, Sept. 29, 1989; Alaban v. Court of Appeals, 470 SCRA at 707; Carillo v. Court of Appeals, 503 SCRA at 79.

[146] *Id.* at 186.

[147] Bulawan v. Aquende, G.R. No. 182819, 652 SCRA 585, 597-98, June 22, 2011.

[148] Republic v. Sandiganbayan, G.R. No. 106244, 266 SCRA 515, 521, Jan. 22, 1997.

granted RTCs the exclusive original jurisdiction over "all cases not within the exclusive jurisdiction of any court, tribunal, person or body exercising jurisdiction or any court, tribunal, person or body exercising judicial or quasi-judicial functions the exclusive jurisdiction of any court, tribunal, person or body exercising jurisdiction or any court, tribunal, person or body exercising judicial or quasi-judicial functions."[149]

In this regard, the Supreme Court, in the exercise of its rule-making power under Section 5(5) of Article VIII of the Constitution, promulgated Rule 47 of the Rules of Court which lays down the procedure for annulment of judgments, final orders, and resolutions. Particularly, Section 1 of the said rule specifically provides that only judgments, final orders and resolutions issued by the RTC in civil actions may be annulled by the CA. On the other hand, Section 10 thereof provides that judgments or final orders of Municipal Trial Courts (MTCs) shall be filed in the RTCs which have jurisdiction over the former.

Based on the foregoing, it may be easily gleaned that neither B.P. Blg. 129 nor Rule 47 of the Rules of Court provide for any power of the RTC or the CA to annul judgments, final orders and resolutions rendered by administrative agencies in the exercise of their quasi-judicial powers. However, the conferment of jurisdiction to quasi-judicial agencies over certain classes of cases had given rise to incidents, or at the very least, the threat of rendition of judgments despite lack of or excess of jurisdiction or presence of fraud or collusion perpetrated by the parties. When confronted with cases involving these matters, the Supreme Court's rulings on the matter are rather obfuscating or worse, have the effect of stifling the remedy of annulment against judgments obtained by fraud or collusion.

IV. ANNULMENT OF JUDGMENT RENDERED VOID: CONTEMPORARY DOCTRINES

A. Pre-B.P. Blg. 129 Rulings

Despite the absence of any provision in B.P. Blg. 129 pertaining to annulment of decisions rendered by quasi-judicial bodies, the Supreme Court, in the 1987 case of *BF Northwest Homeowners Association, Inc. v. Intermediate Appellate Court*,[150] ruled that the RTC had the power to entertain petitions for annulment of judgments of inferior courts and administrative

[149] I REGALADO REMEDIAL LAW COMPENDIUM 624 (2005).
[150] GR. No. 72370, 150 SCRA 543, May 29, 1987.

or quasi-judicial bodies of equal ranking. Specifically, the Court held that RTCs have jurisdiction over actions for annulment of the decisions of the National Water Resources Council (NWRC). The Court noted that Section 89 of Presidential Decree (P.D.) No. 1067, otherwise known as the Water Code of the Philippines, explicitly provides that "decisions of the Council on water rights controversies may be appealed to the Court of First Instance of the province where the subject matter of the controversy." As judgments of the NWRC, in the exercise of its quasi-judicial power, are directly appealable to the then Court of First Instance (now RTC), the Supreme Court concluded that the NWRC cannot be at par with the RTC and is thus, a quasi-judicial body ranked with inferior courts.[151] The *ratio* is in consonance with Sec. 21(1) of B.P. Blg. 129 which vests the RTC with original jurisdiction to issue writs of certiorari, prohibition, and mandamus in relation to acts or omissions of an inferior court. It is likewise in harmony with the rulings of the Court prior to the effectivity of B.P. Blg. 129, which recognized the power of a trial court to annul final and executory judgments.[152]

B. Promulgation of the Revised Rules of Civil Procedure

However, the promulgation of the Revised Rules of Civil Procedure[153] by the Supreme Court in 1997 had the consequence of restricting the scope of the remedy. In the 2000 case of *Cole v. Court of Appeals,*[154] the Supreme Court refused to apply its previous ruling enunciated in *BF Northwest* and instead relied on the positive provisions of Rule 47 as a restriction on the remedy of annulment of judgment. In the *Cole* case, the CA granted the petition for annulment of the decisions rendered by the Arbiter of the Housing and Land Use Regulatory Board (HLURB) and the Office of the President (OP) and declared the aforesaid decisions null and void for having been rendered without jurisdiction. In reversing the decision of the CA, the Supreme Court applied Rule 47 of the Rules of Court and ratiocinated that the remedy of annulment of judgment is confined to decisions of the RTC on the ground of extrinsic fraud and lack of jurisdiction:

> Although the grounds set forth in the petition for annulment of judgment are fraud and lack of jurisdiction, said petition cannot prosper for the simple reason that *the decision*

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[151] *Id.* at 552.

[152] *See* Dulap v. Court of Appeals, G.R. No. 28306, 149 Phil. 636, 647, Dec. 18, 1971.

[153] *See* Barco v. Court of Appeals, G.R. No. 120587, 420 SCRA 173, Jan. 20, 2004.

[154] G.R. No. 137551, 348 SCRA 692, Dec. 26, 2000.

> *sought to be annulled was not rendered by the Regional Trial Court but by an administrative agency (HLURB Arbiter and Office of the President), hence, not within the jurisdiction of the Court of Appeals.* There is no such remedy as annulment of judgment of the HLURB or the Office of the President.[155]

The Supreme Court arrived at the same conclusion in the cases of *Aguilar v. Civil Service Commission*,[156] *Elcee Farms, Inc. v. Semillano*,[157] and *Denina v. Cuaderno*.[158] In *Aguilar*, the petitioner therein sought, from the CA, the annulment of the Decisions by the Department of Labor and Employment (DOLE) and Civil Service Commission (CSC) on the ground of lack of jurisdiction and lack of substantial evidence. The CA dismissed said petition for adopting a wrong remedy or mode of appeal. Finding no reversible error in the CA decision, the Supreme Court upheld the same and ruled that the petitioner therein is precluded from availing the remedy of annulment of judgment before the CA because Section 1, Rule 47 of the Rules of Court specifically covers only judgments, final orders and resolutions issued by the RTC in civil actions.[159] Since the assailed decision was not rendered by the RTC but by the DOLE and CSC acting in their quasi-judicial capacities, the Supreme Court was left without any other recourse but to deny the petition.

In the *Elcee Farms* case, Elcee Farms, Inc. filed before the CA a petition for annulment of the decision promulgated by the National Labor Relations Commission (NLRC), holding it liable for separation pay, moral, and exemplary damages to the illegally dismissed employees. This petition was dismissed by the CA on the ground of lack of jurisdiction. The Supreme Court sustained the CA and ruled that the latter has no jurisdiction to entertain a petition for annulment of a final and executory judgment of the NLRC because Section 9 of B.P. Blg. 129, as amended, only vests in the CA "exclusive jurisdiction over actions for annulment of judgments of Regional Trial Courts."[160]

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[155] *Id.* at 701 (emphasis and underscoring supplied).

[156] G.R. No. 144001, Sept. 26, 2000 (Minute Resolution).

[157] G.R. No. 150286, 413 SCRA 669, Oct. 17, 2003.

[158] G.R. No. 139244, Jul. 24, 2000 (Minute Resolution).

[159] *Supra* note 156. RULES OF COURT, Rule 47, §1 provide:

> Section 1.*Coverage.* This Rule shall govern the annulment by the Court of Appeals of judgments or final orders and resolutions in civil actions of Regional Trial Courts for which the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of the petitioner.

[160] Elcee Farms, Inc., 413 SCRA at 676.

In the *Denina* case, the CA dismissed the petition which sought to annul the Decision rendered by the OP affirming the Resolution of the National Housing Authority (NHA), on the ground that the CA has no jurisdiction to annul judgments or final orders issued by the OP. In dismissing the petition, the Supreme Court ratiocinated:

> The Rules of Court is very clear that *the proper mode of elevating decisions of quasi-judicial bodies, like the Office of the President, to the Court of Appeals is through an appeal under Rule 43*. Accordingly, when petitioner elevated the Decision of the Office of the President to the Court of Appeals through a petition for annulment of judgment under Rule 47, her petition was outrightly dismissed and correctly so. *The Court of Appeals has jurisdiction to annul judgments, final orders or resolutions only of regional trial courts, pursuant to Section 9(2) of Batas Pambansa Blg. 129, as amended*.[161]

The import of the foregoing cases is to deeply entrench the doctrine that the CA does not possess jurisdiction to annul judgments rendered by administrative agencies acting in their quasi-judicial capacities. However, it is worthy to note that these cases failed to discuss thoroughly the nature of the remedy of annulment of judgment vis-à-vis the rationale for the non-existence of such remedy from final orders of quasi-judicial agencies before courts.

C. Annulling Annulment of Judgment: The Macalalag Doctrine

This gap was filled in the case of *Macalalag v. Ombudsman*[162] where the Supreme Court thoroughly discussed the underlying principle for the "purported" absence of the remedy of annulment of judgment of quasi-judicial agenciess. In *Macalalag*, the private respondent filed with the Office of the Ombudsman a complaint for dishonesty against Macalalag, alleging that the latter endorsed and encashed the former's pension checks for his personal benefit. The Ombudsman issued an Order declaring Macalalag administratively liable and dismissed him from the service with forfeiture of all benefits and disqualification from government service. The decision of the Ombudsman attained finality. Aggrieved, Macalalag filed an action for annulment of judgment with the CA on the ground of gross ignorance, negligence and incompetence of his former lawyer. The CA dismissed the petition for lack of jurisdiction. Hence, Macalalag filed a petition for review

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[161] *Supra* note 158 (emphasis and underscoring supplied).

[162] G.R. No. 147995, 424 SCRA 741, Mar. 4, 2004.

before the Supreme Court, arguing that Section 47 of the Rules of Court on annulment of judgments, refers to "Regional Trial Courts" in its generic sense that should thus include quasi-judicial bodies whose functions or rank are co-equal with those of an RTC.

The Supreme Court dismissed the petition and ruled that the CA does not have jurisdiction to entertain petition for annulment of judgment of the Ombudsman. Speaking through Justice Jose C. Vitug, the Supreme Court ruled in this wise:

> Rule 47, entitled "Annulment of Judgments or Final Orders and Resolutions," is a new provision under the 1997 Rules of Civil Procedure albeit the remedy has long been given *imprimatur* by the courts. The rule covers "annulment by the Court of Appeals of judgments or final orders and resolutions in civil actions of Regional Trial Courts for which the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies could no longer be availed of through no fault of the petitioner." *An action for annulment of judgment is a remedy in law independent of the case where the judgment sought to be annulled is rendered. The concern that the remedy could so easily be resorted to as an instrument to delay a final and executory judgment, has prompted safeguards to be put in place in order to avoid an abuse of the rule.* Thus, the annulment of judgment may be based only on the grounds of extrinsic fraud and lack of jurisdiction, and the remedy may not be invoked (1) where the party has availed himself of the remedy of new trial, appeal, petition for relief or other appropriate remedy and lost therefrom, or (2) where he has failed to avail himself of those remedies through his own fault or negligence.
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> ...
>
> ...*The right to appeal is a mere statutory privilege and may be exercised only in the manner prescribed by, and in accordance with, the provisions of law. There must then be a law expressly granting such right. This legal axiom is also applicable and even more true in actions for annulment of judgments which is an exception to the rule on finality of judgments.*[163]

As the Rules of Court, B.P. Blg. 129 and Republic Act No. 6770, otherwise known as "The Ombudsman Act of 1989," do not provide for the remedy of annulment of judgments rendered by the Ombudsman, the Supreme Court simply held that such remedy cannot be availed of by party litigants regardless of the actual merit of their case. The ruling in the

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[163] *Id.* at 744-46 (citations omitted; emphasis and underscoring supplied).

Macalalag case has been cited by the Supreme Court in its subsequent cases involving annulment of judgments of quasi-judicial agencies.

The ruling in *Macalalag* was followed by *Galang v. Court of Appeals*[164] which involved an action before the Securities and Exchange Commission (SEC) in exercise of its quasi-judicial power granted by P.D. No. 902-A. The corporation therein sought the annulment of the "Judgment By Compromise Agreement" rendered by the SEC on the ground of lack of jurisdiction. Specifically, the corporation alleged that one of the parties in the said compromise agreement had no authority to represent the corporation.

The Supreme Court, in resolving the petition, focused on the issue of jurisdiction, that is, whether or not the CA has jurisdiction to take cognizance of the petition for annulment of judgment under Rule 47 of the Rules of Court. In ruling that the CA is bereft of any jurisdiction to entertain a petition for annulment of judgment rendered by a quasi-judicial body, specifically the SEC, the Supreme Court explained:

> An action for annulment of judgment is a remedy in law independent of the case where the judgment sought to be annulled is rendered. *The concern that the remedy could so easily be resorted to as an instrument to delay a final and executory judgment has prompted safeguards to be put in place in order to avoid an abuse of the rule. Thus, among other things, the right to have a final judgment annulled must be expressly granted by law.* In *Macalalag v. Ombudsman* we emphatically held that –
>
> > The right to appeal is a mere statutory privilege and may be exercised only in the manner prescribed by, and in accordance with, the provisions of law. There must then be a law expressly granting such right. This legal axiom is also applicable and even more true in actions for annulment of judgments which is an exception to the rule on finality of judgments.
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> Unfortunately for the Camaganakans, *the Revised Rules of Procedure in the SEC is silent as to the remedy of annulment of judgments of its final orders and resolutions.*
>
> And so we hold that *the Court of Appeals indeed erred as it is without jurisdiction to entertain a petition for annulment of judgment of a final decision of the Securities and Exchange Commission.*[165]

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[164] G.R. No. 139448, 472 SCRA 259, Oct. 11, 2005.

[165] *Id.* at 269 (citations omitted; emphasis and underscoring supplied).

D. Harmonizing the Past and Present: The Springfield Doctrine

It must be remembered that the previous cases involved a petition for annulment of judgment originally filed with the CA assailing the final judgment of a quasi-judicial agency. Apart from the *BF Northwest* ruling, no case has yet resolved the question of whether or not an RTC has jurisdiction to annul judgments of quasi-judicial agencies in light of its general jurisdiction under Section 19(6) B.P. Blg. 129. This was the very question raised in the case of *Springfield Development Corporation v. Presiding Judge*,[166] in which the Supreme Court resolved the question in the negative. It must be remarked however, that the ruminations of the Court therein do not provide much enlightenment as to the rationale for such absence. In that case, the petitioner therein sought to annul the decision of the Department of Agrarian Reform Adjudication Board (DARAB) on the ground that the same was rendered without affording them any notice of hearing. In its decision, the Supreme Court took note of *BF Northwest*, where it ruled that despite the absence of any provision in B.P. Blg. 129, the RTC has the power to entertain petitions for annulment of judgments of inferior courts and administrative or quasi-judicial bodies of equal ranking. Hence, the Court proceeded to determine whether or not the DARAB is a quasi-judicial body with the rank of an inferior court. In concluding that the DARAB is a co-equal body with the RTC, the Supreme Court looked into the laws which created the DARAB, thus:

> The DARAB is a quasi-judicial body created by Executive Order Nos. 229 and 129-A. R.A. No. 6657 delineated its adjudicatory powers and functions. The DARAB Revised Rules of Procedure adopted on December 26, 1988 specifically provides for the manner of judicial review of its decisions, orders, rulings, or awards. Rule XIV, Section 1 states:
>
> > SECTION 1. Certiorari to the Court of Appeals. Any decision, order, award or ruling by the Board or its Adjudicators on any agrarian dispute or on any matter pertaining to the application, implementation, enforcement or interpretation of agrarian reform laws or rules and regulations promulgated thereunder, may be brought within fifteen (15) days from receipt of a copy thereof, to the Court of Appeals by certiorari, except as provided in the next succeeding section. Notwithstanding an appeal to the Court of Appeals the decision of the Board or Adjudicator appealed from, shall be immediately executory.

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[166] G.R. No. 142628, 514 SCRA 326, Feb. 6, 2007.

> Further, *the prevailing 1997 Rules of Civil Procedure, as amended, expressly provides for an appeal from the DARAB decisions to the CA*.
>
> The rule is that *where legislation provides for an appeal from decisions of certain administrative bodies to the CA, it means that such bodies are co-equal with the RTC, in terms of rank and stature, and logically, beyond the control of the latter.*
>
> Given that DARAB decisions are appealable to the CA, *the inevitable conclusion is that the DARAB is a co-equal body with the RTC and its decisions are beyond the RTC's control.* The CA was therefore correct in sustaining the RTC's dismissal of the petition for annulment of the DARAB Decision dated October 5, 1995, as the RTC does not have any jurisdiction to entertain the same.[167]

The Supreme Court then determined whether the CA has jurisdiction to hear and decide cases involving annulment of decisions rendered by the DARAB. At first blush, it may seem that the Court was inclined to rule that the CA has jurisdiction, since the DARAB is a co-equal body with the RTC. However, the Supreme Court committed a *volte face* and instead concluded that the CA is bereft of jurisdiction to hear and decide petition for annulment of decisions on the DARAB:

> In *Cole v. Court of Appeals*, involving an annulment of the judgment of the HLURB Arbiter and the Office of the President (OP), filed with the CA, the Court stated that, "(U)nder Rule 47 of the Rules of Court, the remedy of annulment of judgment is confined to decisions of the Regional Trial Court on the ground of extrinsic fraud and lack of jurisdiction. . "
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> . . .
>
> In *Macalalag v. Ombudsman*, the Court ruled that Rule 47 of the 1997 Rules of Civil Procedure on annulment of judgments or final orders and resolutions covers "annulment by the Court of Appeals of judgments or final orders and resolutions in civil actions of Regional Trial Courts for which the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies could no longer be availed of through no fault of the petitioner." ...
>
> While these cases involve annulments of judgments under the 1997 Rules of Civil Procedure, as amended, still, they still

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[167] *Id.* at 337-38 (citations omitted; emphasis and underscoring supplied).

find application in the present case, as the provisions of B.P. Blg. 129 and the 1997 Rules of Civil Procedure, as amended, on annulment of judgments are identical.

Consequently, *the silence of B.P. Blg. 129 on the jurisdiction of the CA to annul judgments or final orders and resolutions of quasi-judicial bodies like the DARAB indicates its lack of such authority.*[168]

The clear implication of the *Springfield* doctrine is that there is no remedy of annulment of judgment from decisions, resolutions, and final judgments of quasi-judicial agencies of co-equal rank with an RTC. Despite the fact that the Supreme Court cited *BF Northwest*, a case seemingly contradictory with other afore-cited decisions, it would seem that the *Springfield* strengthened the *Macalalag* ruling that the CA is without jurisdiction over annulment of judgment of quasi-judicial bodies. Moreover, considering the fact that *Springfield* squarely involved the question of whether or not an RTC has jurisdiction to annul the judgments of any quasi-judicial agency, it would appear that the application of the *Macalalag* doctrine in *Springfield* has effectively resulted in the total absence of the remedy of annulment of judgment from decisions, resolutions, and final judgments of quasi-judicial agencies regardless of their rank.

This strict construction, as applied in the *Macalalag* case and other cases aforecited, was likewise applied in the succeeding cases decided by the Supreme Court.

In the case of *Fraginal v. Toribia*,[169] the Provincial Agrarian Reform Adjudicator (PARAD) issued a Decision ordering the termination of an Agricultural Leasehold Contract. Two years after its issuance, the petitioners sought to annul the said decision on the ground of lack of jurisdiction. The Supreme Court noted that an action for annulment of judgment, similar to a right to appeal, is a mere statutory privilege. Hence, it may only be exercised in the manner prescribed by, and in accordance with, the provisions of law.[170] Otherwise stated, the law must expressly grant such right of action, otherwise, the same may not be exercised. Since Rule 47 of the Rules of Court limits the subject matter of petitions for annulment to final judgments and orders issued by the RTCs in civil actions, it follows that the decision of the PARAD is not susceptible to petitions for annulment. The Court likewise noted that there is nothing in the 1994 DARAB New Rules of Procedure that allows a petition for

[168] *Id.* at 339-40 (emphasis and underscoring supplied).
[169] G.R. No. 150207, 516 SCRA 530, Feb. 23, 2007.
[170] *Id.* at 538.

annulment of a final PARAD Decision.[171] Hence, applying the *Macalalag* rule, the Supreme Court held that the dismissal of the petition for annulment of judgment was proper.

In the case of *Padua v. Court of Appeals*,[172] the petitioner sought to annul the decision of the Secretary of the Department of Agrarian Reform (DAR), which ordered the cancellation of the Order of Award in his favor, on the ground of lack of due process arguing that he was allegedly never impleaded as a party to the petition for cancellation of the Order of Award nor furnished a copy of the said petition. In denying the petition for annulment of the assailed Order, the Supreme Court reiterated its previous rulings, thus:

> We reiterate that a petition for annulment of judgment under Rule 47 of the Rules of Court may be availed of against final judgments and orders rendered by either RTCs in civil actions or Municipal Trial Courts (MTCs). *Final judgments or orders of quasi-judicial tribunals such as the National Labor Relations Commission, the Ombudsman, the Civil Service Commission, and the OP are beyond the reach of a petition for annulment under Rule 47. An order of the DAR Secretary issued in the exercise of his quasi-judicial powers is also outside its scope.* Justice Jose C. Vitug, in *Macalalag v. Ombudsman*, explained the rationale behind the limited application of Rule 47, *to wit*:
>
> > The right to appeal is a mere statutory privilege and may be exercised only in the manner prescribed by, and in accordance with, the provisions of law. There must then be a law expressly granting such right. This legal axiom is also applicable and even more true in *actions for annulment of judgments which is an exception to the rule on finality of judgments*.
>
> In the present case, *neither Republic Act (R.A.) No. 6657 nor R.A. No. 7902 allows a petition for annulment of a final DAR decision or order.* Section 61 of R.A. No. 6657 provides that a DAR decision or order be reviewable by the CA in accordance with the Rules of Court. In turn, the Rules of Court, consistent with Supreme Court Administrative Circular No. 1-95 and R.A. No. 7902, prescribes under Rule 43 that the mode of appeal from decisions or orders of DAR as a quasi-judicial agency is by petition for review to the CA. Padua's recourse to a Petition for Annulment of the Garilao Order, rather than a petition for review, was therefore fatally infirm.[173]

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[171] *Id.* at 540.

[172] G.R. No. 153456, 517 SCRA 232, Mar. 2, 2007.

[173] *Id.* at 238-40 (citations omitted; emphasis and underscoring supplied).

In the final analysis, the weight of authority is to the effect that the remedy of annulment of judgments is denied solely due to the absence of a positive statutory provision recognizing such remedy.

V. VACUUM IN THE LAW AND INCENTIVE FOR FRAUD: CRITIQUE OF THE *MACALALAG DOCTRINE*

While at first blush, the *Macalalag* doctrine finds sound basis because of its *a fortiori* approach in ascertaining the basis of the remedy of annulment of judgment, a second look at the doctrine may lead one to conclude otherwise.

The cases discussed earlier all involved adjudications of flesh and blood cases where the merits of the law have been extensively discussed Nonetheless, the enlightened disquisitions of the *ponentes* aside, the doctrines laid down by the said cases have inadvertently resulted in a disjointed fabric that fails to provide a workable framework that provides parties with an adequate remedy when a judgment of a quasi-judicial agency is procured by fraud or collusion.

A. Annulment of Judgment is an Adjunct of Due Process which cannot be Diminished by the Supreme Court's Rule-making Power

In the early case of *Anuran v. Aquino*,[174] the Supreme Court emphatically upheld the right of a party litigant to maintain a direct action to question a judgment obtained by fraud or collusion:

> There can be no question as to the right of any person adversely affected by a judgment to maintain an action to enjoin its enforcement and to have it declared a nullity on the ground of fraud and collusion practiced in the very matter of obtaining the judgment when such fraud is extrinsic or collateral to the matters involved in the issues raised at the trial which resulted in such judgment; and fraudulent collusion between an administrator and a third person resulting in an order or judgment whereby an interested person is unjustly deprived of his rights in or to the estate under administration, has always been recognized as a sufficient ground for the grant of relief from the order or judgment thus fraudulently procured.[175]

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[174] G.R. No. 12397, 38 Phil. 29, Apr. 2, 1918

[175] *Id.* at 36.

While it may not be disputed that the Supreme Court is empowered to lay down the parameters by which the remedy of annulment of judgment may be availed of, it is beyond cavil that the availability of the remedy itself is not one dependent on the positive grant of statutory authority. As explained below, the basis for the remedy is equity.

Indeed it can be reasonably argued that the right to invoke the jurisdiction of the courts from judgments of quasi-judicial agencies is a necessary adjunct of a person's right to due process and therefore, a substantive right which cannot be diminished by the exercise of the Supreme Court of its rule-making power in accordance with Article VIII, Section 5 (5) of the 1987 Constitution.

B. Annulment of Judgment is a Remedy in Equity

If we are to dissect the gravamen of the *Macalalag* ruling, the cornerstone of these cases, it is apparent that its very foundation is the comparison between the remedies of appeal and annulment of judgment. But in doing so, it must be pointed out that the Court seems to be comparing apples with oranges. It bears stressing that the right to appeal is statutory and therefore a remedy based in law.[176] However, the remedy of annulment of judgment is essentially based on equity.[177] The distinction between a legal remedy and an equitable remedy is well-settled. The very nature of annulment of judgment as an equitable remedy makes it a remedy outside of the law, and therefore, unlike the right to appeal, it does not require an explicit statutory source. This line of analysis, however, fails to understand the nature of equity jurisdiction.

Historically, the test of equity's jurisdiction in any given case was that the litigant could not get relief or could not get adequate relief in a court of common law.[178] Accordingly, the absence of an adequate remedy at law is a precondition for any type of equitable relief, and the availability of an adequate legal remedy is a threshold determination.[179] Pursuant to this principle of equity, the remedy of annulment of judgment is only available where "the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no

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[176] AGG Trucking v. Yuag, G.R. No. 195033, 659 SCRA 91, 103, Oct. 12, 2011.

[177] Orbeta v. Sendiong, G.R. No. 155236, 463 SCRA 180, 192, Jul. 8, 2005. *See also* Barco v. Court of Appeals, G.R. No. 120587, 420 SCRA 162, Jan. 20, 2004; People v. Bitanga, G.R. No. 159222, 525 SCRA 623, Jun. 26, 2007.

[178] Knaebel v. Heiner, 663 P.2d 551 (Alaska 1983).

[179] 27A Am. Jur.2d §21.

fault of the petitioner".[180] Otherwise stated, the province of the remedy of annulment of judgment is precisely those cases where a party has no other legal remedy. The foundation of the remedy being equity, the same intrinsically exists outside the law and does not require a positive provision of law for its availability. It has been said that equity is "justice outside legality" and is broadly defined as justice according to natural law and right.[181] It is precisely when the law is silent that equity finds application in the adjudication of a controversy.[182] Thus, to anchor the rationale for the unavailability of the remedy of annulment of judgment on the absence of a statutory provision therefor is to belie the very essence of equity

In fact, the reasoning that the silence of the law may be used as justification for the blanket denial of petitions for annulment of judgment runs contrary to the provisions of substantive law. In this regard, Article 9 of the Civil Code provides that "[n]o judge or court shall decline to render judgment by reason of the silence, obscurity or insufficiency of the laws."This provision accordingly calls for the application of equity precisely in situations where the law is silent, obscure, or insufficient.[183] The use of equity in this case fulfils the duty of the judge to fill the open spaces of the law.[184]

It must be remembered that Philippine courts are courts of both law and equity.[185] Equity jurisdiction aims to do complete justice in cases where a court of law is unable to adapt its judgments to the special circumstances of a case because of the inflexibility of its statutory or legal jurisdiction.[186] Equity is the principle by which substantial justice may be attained in cases where the prescribed or customary forms of ordinary law are inadequate.[187] In other words, equity's purpose is to promote and achieve justice and to do so with some degree of flexibility.[188] Courts must

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[180] RULES OF COURT, Rule 47, §1.

[181] Conte v. Commission on Audit, G.R. No. 116422, 264 SCRA 19, 33, Nov. 4, 1996.

[182] Parents-Teachers Association of St. Matthew Christian Church Academy v. Metropolitan Bank & Trust, Co., G.R. No. 176518, 614 SCRA 41, 62, Mar. 2, 2010.

[183] I TOLENTINO, CIVIL CODE OF THE PHILIPPINES 43 (1990) *citing* Camus.

[184] Reyes v. Lim, G.R. No. 134241, 408 SCRA, 560, 566, Aug. 11, 2003 *citing* BENJAMIN CARDOZO THE NATURE OF THE JUDICIAL PROCESS 113 (1921).

[185] Dep't of Public Works and Highways v. Quiwa, G.R. No. 183444, Feb. 8, 2012 *citing* Hodges v. Yulo, 81 Phil. 622 (1954).

[186] Agcaoili v. Gov't Service Insurance System, G.R. No. L-30056, 165 SCRA 1, 30 August 1988; Air Manila, Inc. v. Court of Industrial Relations, G.R. No. 39742, 83 SCRA 579, Jun. 9, 1978.

[187] Reyes, 408 SCRA at 567, *citing* American Life Ins. Co. v. Stewart, 300 U.S. 203, 81 L. Ed. 605 (1936); Davis *v.* Wallace, 257 U.S. 478, 66 L. Ed. 325 (1921).

[188] 27A Am. Jur.2d §2 *citing* Bowen v. Tucker, 2007 Ok. Civ. App. 57, 164 P.3d

be given wide latitude to resort to their equity jurisdiction to prevent a clear case of injustice. It is in this regard that a blanket and categorical declaration of unavailability of an equitable remedy tends to diminish the capability of courts to resolve disputes in accordance with justice and fairness.

Even when statutes restrict the grant of equitable remedies by courts, the accepted rule is that such statutory language is to be strictly construed. Unless a statute by words or by a necessary implication restricts a court's equity jurisdiction, the full scope of that jurisdiction is to be recognized and applied. Some courts go further to declare that a diminution of equity jurisdiction may not be implied, but requires explicit statutory language or a clear and valid legislative command.[189]

The lack of jurisdiction here is not to be lightly implied. After all, Section 19 (6) of B.P. Blg. 129 provides RTCs with a catch-all jurisdiction over "all cases not within the exclusive jurisdiction of any court, tribunal, person or body exercising jurisdiction or any court, tribunal, person or body exercising judicial or quasi-judicial functions" which necessarily includes cases for the annulment of judgments of quasi-judicial agencies. Moreover, the recognition of such remedy is in harmony with the fundamental principle of administrative law that quasi-judicial powers will always be subject to true judicial power – that which is held by the courts.[190] The availability of judicial review over administrative action is well-recognized notwithstanding the absence of a statutory provision for judicial review of such action.[191]

By this token, the rationale of *Macalalag* loses its leg to stand on for annulment of judgments of quasi-judicial agencies being a form of judicial review does not rely on an explicit provision of law for its existence. The scope of judicial power includes the authority of the courts to determine in an appropriate action the validity of the acts of the political departments.[192] Indeed, the purpose of judicial review, in administrative law, is to keep the administrative agency within its jurisdiction and protect substantial rights of parties affected by its decisions. It is part of the system of checks and

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1155 (Div. 2 2007).

[189] 27A Am. Jur.2d §64.

[190] Nat'l Housing Authority v. Almeida, G.R. No. 162784, 525 SCRA 383, 394, Jun. 22, 2007.

[191] Uy, 27 SCRA at 294-95.

[192] Santiago v. Guingona, G.R. No. 134577, 298 SCRA 756, 774, Nov. 18, 1998.

balances which restricts the separation of powers and forestalls arbitrary and unjust adjudications.[193]

C. A Vacuum in the Law

Ultimately, the tragedy of *Macahilig* is that it creates a vacuum in our system of law for parties whose rights are aggrieved by the perpetuation of extrinsic or collateral fraud or collusion in arriving at a decision of a quasi-judicial agency. The unique facet of annulment of judgment is that it is the only remedy available to a party who is aggrieved by a judgment procured through extrinsic fraud by which he is essentially deprived of his day in court. The absence of such remedy provides an attractive incentive for the perpetration of fraud for the doctrine of administrative *res judicata* provides a formidable barrier which ensures the enjoyment of the fruits of the fraud.

While it may be argued that the remedy of petition for relief of judgment may be availed of in cases of fraud,[194] the said remedy has its inherent limitations that render it infirm to address the concerns raised cases of this nature. A petition for relief from judgment under Section 3 of Rule 38 is resorted to when a judgment or final order is entered, or any other proceeding is thereafter taken, against a party in any court through fraud, accident, mistake, or excusable negligence. The manner by which relief from judgment is exercised is by filing a petition in the same court and in the same case to set aside the judgment, order or proceeding. Such petition must be filed within sixty (60) days after the petitioner learns of the judgment and within six (6) months after entry thereof.[195] However, it must be emphasized that a petition for relief from judgment is a remedy available only to parties in the proceedings where the assailed judgment is rendered.[196] Accordingly, it has been held that a person who was never a party to the case, or even summoned to appear therein, cannot avail of a petition for relief from judgment.[197] Furthermore, the party filing a petition for relief from judgment must strictly comply with the two (2) reglementary periods, i.e., the petition must be filed within sixty (60) days from knowledge of the judgment, order or other proceeding to be set aside; and, within a fixed period of six (6) months from entry of such judgment, order or other proceeding. Strict compliance with these periods

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[193] San Miguel Corp., 64 SCRA at 60.

[194] RULES OF COURT, Rule 38, §1.

[195] Alaban, 470 SCRA at 704.

[196] *Id.*

[197] Metropolitan Bank and Trust Co. v. Alejo, G.R. No. 141970, 364 SCRA 812, 817, Sept. 10, 2001.

is required because a petition for relief from judgment is a final act of liberality on the part of the State, which remedy cannot be allowed to erode any further the fundamental principle recognizing the finality of judgments.[198]

More importantly, it can likewise be plausibly argued that the rationale expressed in *Macalalag* can operate to deny party litigants of the remedy of relief from judgment from quasi-judicial agencies. Indeed it takes no stretch of imagination that a petition for relief from judgment is likewise an exception to the rule on finality of judgments and, therefore, belongs to the same category as petitions for annulment of judgment, and therefore, by the logic of *Macalalag,* requires positive statutory basis for its availment.

This controversy is all the more compounded by the availability of the remedy of collateral attacks against void judgments rendered by quasi-judicial agencies. In *Dela Cruz v. Quiazon*,[199] the Supreme Court hinted that the correct remedy should have been a collateral attack against the judgment by the DAR Secretary who ordered the cancellation of the Certificates of Land Transfer (CLTs) issued to respondents:

> The Court ruled that the issuance, recall or cancellation of certificates of land transfer falls within the Secretary's administrative jurisdiction as implementor of P.D. No. 27.
>
> To conclude, respondent's remedy is to raise before the DAR Secretary the matter of cancellation of petitioner's CLT as an incident of the order granting the landowners' application for retention over the said landholding. In the same forum, petitioners can raise the issue of the validity of the DAR order granting the application for retention based on their claim of denial of due process, or in a separate action specifically filed to assail the validity of the judgment. A collateral attack against a judgment is generally not allowed, unless the judgment is void upon its face or its nullity is apparent by virtue of its own recitals.[200]

The same remedy finds further judicial approval in the Commission on the Settlement of Land Problems (COSLAP) cases.[201]

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[198] Gold Transit Line, Inc. v. Ramos, G.R. No. 144813, 363 SCRA 262, 263, Aug. 15, 2001.

[199] Dela Cruz v. Quiazon, G.R. No. 171961, 572 SCRA 681, Nov. 28, 2008.

[200] *Id.* at 695.

[201] *See generally* Davao New Town Dev't Corp. v. Commission on Settlement of Land Problems, G.R. No. 141523, 459 SCRA 491, Jun. 8, 2005; Machado v. Commission on Settlement of Land Problems; G.R. No. 156287, 612 SCRA 546,

Such cases involved instances in which the COSLAP exceeded the limited grant of jurisdiction vested unto it by law. In such cases, the Court emphatically held that any judgment rendered by a quasi-judicial agency with lack or excess of jurisdiction is susceptible to collateral attack:

> Since the COSLAP has no jurisdiction over the action, all the proceedings therein, including the decision rendered, are null and void. A judgment issued by a quasi-judicial body without jurisdiction is void. It cannot be the source of any right or create any obligation. All acts performed pursuant to it and all claims emanating from it have no legal effect. Having no legal effect, the situation is the same as it would be as if there was no judgment at all. It leaves the parties in the position they were before the proceedings.[202]

The availability of the remedy of collateral attack was even recognized in *Springfield* which eventually became the basis for the eventual remand of the case to the CA.[203]

While the availability of the remedy collateral attack is indeed welcome, it is nonetheless a remedy of limited applicability. For one, its grounds are only limited to lack of jurisdiction, whether over the subject matter of the case or over the person of the defendants to the action.[204] Thus, the remedy was clearly intended to remedy those errors which are palpably clear and are apparent from the very face or the recitals of the judgment.[205] It contemplates judgments that are patently void where mere inspection of the judgment is enough to demonstrate its nullity on grounds of want of jurisdiction or non-compliance with due process of law.[206] It is, in fine, a highly restricted remedy which can only prosper in exceptional circumstances where the lack of jurisdiction is apparent or, at the very least, can be established from the very evidence in the records of the case in which the assailed judgment was rendered.[207] Accordingly, a collateral attack against a final judgment cannot prosper on the basis of extrinsic evidence.

Feb. 16, 2010; Vda. De Herrera v. Barreto, G.R. No. 170251, 650 SCRA 87, Jun. 1, 2011.

[202] Vda. De Herrera v. Barreto, 650 SCRA at 96. *Of the same tenor is* Machado v. Commission on Settlement of Land Problems, 612 SCRA at 560-61.

[203] Springfield Dev't Corp., Inc. v. Honorable Presiding Judge, 514 SCRA at 344-45.

[204] Veneracion v. Mancilla, G.R. No. 158238, 495 SCRA 712, Jul. 20, 2006. *See also* Reyes v. Datu, G.R. No. 5549, 94 Phil. 446, Feb. 26, 1954.

[205] Dela Cruz, 572 SCRA at 696.

[206] Arcelona, 280 SCRA at 34.

[207] *Id.* at 41, 46.

Indeed, the importance of the remedy of annulment of judgment is that it specifically tailored to address injuries arising from fraud of a character that deprives parties of their day in court. Extrinsic fraud contemplates such situations that fall within that broad gray stretch in the spectrum defined by violation of due process, on one end, and satisfaction of due process, on the other. It covers such cases where a modicum of satisfaction of the essence of procedural due process is present, that is, parties have been given an opportunity to be heard; but there is the intervention of extrinsic fraud by the one of the parties that has the effect of depriving another party of the constitutionally guaranteed right of amply and reasonably arguing one's case before an impartial tribunal. Instances of such fraud or deception practiced on a party by his opponent are: keeping a party away from court, by giving him a false promise of a compromise, or where the defendant never had the knowledge of the suit, being kept in ignorance by the acts of the plaintiff, or where an attorney fraudulently or without authority connives at his defeat. These instances show that there was never a real contest in the trial or hearing of the case so that the judgment should be annulled and the case set for a new and fair hearing.[208]

In such cases, introduction of extrinsic evidence is essential for it was by the very perpetration of fraud or in collusion that occasioned the deprivation of the absolute right to be heard to a party litigant. Accordingly, the very *raison d'etre* of annulment of judgment is to serve as a final check against the palpable violation of the right to due process through insidious machinations. To deprive of parties of an effective remedy by reason solely of the silence of the law is to reward fraud and countenance injustice.

VI. MOVING FORWARD: PROPOSITIONS FOR DUE PROCESS

A. A Viable Framework in *Springfield*

Having laid down the essential doctrines and expounded on the issues confronting the Philippine legal system on this matter, the logical question to be asked is: what do we do to remedy the situation? As firmly entrenched the *Macalalag* doctrines may seem, there exist feasible solutions to address the loophole existing in our law to check against the ever-present danger of fraud in our society.

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[208] Gold Transit Line, Inc. v. Ramos, G.R. No. 144813, 363 SCRA 262, 263, Aug. 15, 2001 *citing* Leonardo v. S.T. Best, Inc., 466 Phil. 981 (2004).

The closest viable solution that does not deny the availability of the remedy of annulment of judgment is the case of *BF Northwest* whose doctrine was alluded to in *Springfield*. The case of *BF Northwest* relies on "pre-B.P. Blg. 129" doctrines which if taken a step further recognize a dichotomy of jurisdiction with respect to annulments of final judgments. The basis of the doctrine in those cases is the rule of non-interference, which provides that where legislation provides for an appeal from decisions of certain administrative bodies to the CA or to the Supreme Court, it means that such bodies are co-equal with the RTC, and logically, beyond the control of the latter.[209]Pursuant to the doctrine of non-interference, bodies of co-equal rank and stature have no authority to interfere with the proceedings of a tribunal of equal jurisdiction, much less to annul the final judgment of such body.[210] The doctrine of non-interference of trial courts with co-equal administrative bodies is intended to ensure judicial stability in the administration of justice whereby the judgment of a court of competent jurisdiction may not be opened, modified or vacated by any court of concurrent jurisdiction.[211]

A deeper probe into the rulings of the Supreme Court in *Springfield* and *BF Northwest* provide a viable framework for the remedy of annulment of judgments of quasi-judicial agencies. The grant to the CA of exclusive original jurisdiction over actions for annulment of judgments of RTCs can be reasonably interpreted to include exclusive original jurisdiction over tribunals which are co-equal in rank and stature with RTCs. Such an interpretation is consistent with the overall system established by B.P. No. 129. Jurisdiction over other quasi-judicial bodies and officers which are co-equal in rank and stature with inferior courts can be reasonably concluded to be vested over RTCs pursuant to Section 19 (6) of B.P. Blg. 129. In fact, this view has received favourable judicial approval in *Springfield* itself:

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[209] Board of Commissioners v. Dela Rosa, 274 Phil. 1156, 1191 (1991) *cited in* Springfield Dev't Corp., Inc. v. Honorable Presiding Judge, 514 SCRA at 338.*See also* Philippine Sinter Corp. v. Cagayan Electric Power and Light Co., Inc., G.R. No. 127371, 381 SCRA 582, Apr. 25, 2002 *citing* Olaguer v. Regional Trial Court, NCJR, Br. 48, G.R. No. 81385, 170 SCRA 478, 487, Feb. 21, 1989; Nat'l Electrification Administration v. Mendoza, G.R. No. 62038, 138 SCRA 632, Sept. 25, 1985; Philippine Commission on Good Gov't v. Peña, G.R. No. 77663, 159 SCRA 556, 564 Apr. 18, 1988.

[210] Clark Dev't Corp. v. Mondragon Leisure and Resorts Corp., G.R. No. 150986, 517 SCRA 203, 218, Mar. 2, 2007 *citing* Foster-Gallego v. Galang, G.R. No. 130228, 435 SCRA 275, 289, Jul. 27, 2004.

[211] Freeman, Inc. v. Securities and Exchange Commission, G.R. No. 110265, 233 SCRA 735, 742, Jul. 7, 1994 *citing* Philippine Pacific Fishing, Co, Inc. v. Luna, G.R. No. 59070, 112 SCRA 604, Mar. 15, 1982.

> Significantly, B.P. Blg. 129 does not specifically provide for any power of the RTC to annul judgments of quasi-judicial bodies. However, in *BF Northwest Homeowners Association, Inc. v. Intermediate Appellate Court*, the Court ruled that the RTCs have jurisdiction over actions for annulment of the decisions of the National Water Resources Council, which is a quasi-judicial body ranked with inferior courts, pursuant to its original jurisdiction to issue writs of *certiorari*, prohibition, and *mandamus*, under Sec. 21(1) of B.P. Blg. 129, in relation to acts or omissions of an inferior court. This led to the conclusion that despite the absence of any provision in B.P. Blg. 129, the RTC had the power to entertain petitions for annulment of judgments of inferior courts and administrative or quasi-judicial bodies of equal ranking. This is also in harmony with the "pre-B.P. Blg. 129" rulings of the Court recognizing the power of a trial court (court of first instance) to annul final judgments. *Hence, while it is true, as petitioners contend, that the RTC had the authority to annul final judgments, such authority pertained only to final judgments rendered by inferior courts and quasi-judicial bodies of equal ranking with such inferior courts.*[212]

Applying the following rules, it can be concluded that a remedy of annulment of judgment from decisions, resolutions, and final orders of quasi-judicial agencies and officers indeed exists. In determining which court has jurisdiction over the action for annulment of judgment, the logic of *Springfield*, following the doctrine of non-interference, provides that the CA can take cognizance of an action for annulment of judgments of quasi-judicial agencies having the rank and stature of an RTC pursuant to Section 9 (2) of B.P. No. 129. By necessary implication, all other quasi-judicial agencies and officers have the rank of inferior courts and petitions for annulment of their final judgments are cognizable by the RTC under Section 19 (6) of B.P No. 129. The rank of a quasi-judicial agency is determined by the rank of the court or tribunal to which its decisions, resolutions, and final orders may be appealed to.[213] Accordingly, those whose final judgments may be directly brought to the CA by way of ordinary appeal have the rank of RTCs. Such quasi-judicial agencies include those enumerated by Section 1, Rule 43 of the Rules of Court, such agencies whose final judgments are explicitly made appealable to the CA, and such other agencies which do not fall within the appellate jurisdiction of the Supreme Court and the Office of the President.[214] On the other

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[212] Springfield Dev't Corp., Inc., 514 SCRA at 336-337 (emphasis supplied).

[213] *Id.* at 338.

[214] For example, final judgments by the Professional Regulatory Commission (PRC) in the exercise of its quasi-judicial power are appealable to the Court of Appeals under Rule 43 of the Rules of Court (Cayao-Lasam v. Ramolete, G.R. No. 159132, 574 SCRA 439, Dec. 18, 2008 *citing* Yang v. Court of Appeals, G.R.

hand, quasi-judicial agencies and officers having the rank of an inferior court are those whose final judgments are appealable to an RTC or a tribunal having an equivalent rank thereto. Included in such category are agencies whose judgments are appealable to the Office of the President pursuant to the doctrine of exhaustion of administrative remedies and the doctrine in *Calo*.

The advantage of this perspective in interpreting our laws on jurisdiction is that it closely adheres to the dichotomy of jurisdiction established by the Supreme Court under Rule 47 of the Rules of Court.[215]

The foregoing interpretation of the law is not without authority and finds ample justification in the principle that the law, like nature, abhors a vacuum.[216] Where the law is silent, any provision of law that suffices to fill the void should then be made to apply.[217] As applied to the problem involving annulment of judgments, mere silence of the law should not by itself be the end, for it creates a vacuum in the law for litigants whose rights are violated by extrinsic fraud.

Despite its legal merits, the problem with the foregoing framework is that it tends to get complicated in cases where split appellate jurisdiction is recognized by law. A prime example of this is appeal from final judgments of the DAR Secretary pursuant to R.A. No. 6657 and other agrarian reform laws. As was adverted to earlier, the case of *Valencia*[218] effectively legitimized the availability of an appeal to the Office of the President,[219] pursuant to internal rules of procedure promulgated by the DAR pursuant to statutory authority and an appeal to the CA pursuant to Section 54 of R.A. No. 6657. The problem in such a case lies in the impossibility of properly applying the doctrine of non-interference for such an agency because the law provides with a dual character of having the rank of an RTC (since there is a mode of an appeal to the CA) and an

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No. 48113, 186 SCRA 287, Jun. 6, 1990). So are the decisions of the Mines Adjudication Board (MAB), although the same is not explicitly included in the enumeration of quasi-judicial agencies under Rule 43 (Carpio v. Sulu Resources Dev't Corp., G.R. No. 148267, 387 SCRA 128, Aug. 8, 2002).

[215] RULES OF COURT, Rule 47, §§1, 10.

[216] Rivera v. Court of Appeals, G.R. No. 44111, 176 SCRA 169, Aug. 10, 1989; Duldulao v. Ramos, 91 Phil. 261 (1952).

[217] Manila Electric Company v. Secretary of Labor, G.R. No. 127598, 302 SCRA 173, 215-16, Jan. 27, 1999.

[218] G.R. No. 122363, 401 SCRA 666, Apr. 29, 2003.

[219] Under the doctrine of non-interference, the Office of the President has the rank of an RTC since its judgments are directly appealable to the Court of Appeals. RULES OF COURT, Rule 43, §1.

inferior court (since there is a mode of appeal to the Office of the President, which under the same doctrine, has the rank of an RTC).

Consider as well the Board of Investments (BOI), a policy-making body and a regulatory agency tasked with facilitating the growth of investments in the country created pursuant to Executive Order No. 226.[220] Apart from exercising policy-making and regulatory functions, the BOI exercises quasi-judicial power in the resolution of controversies arising from the implementation of the Omnibus Investments Code.[221] It appears, however, that in the exercise of such power, the law provides for two (2) modes of appeal from an action or decision of the BOI, depending on the nature of the controversy. The Court expounded on this nuance in the case of *Phillips Seafood (Philippines) Corp. v. Board of Investments*:[222]

> E.O. No. 226 apparently allows two avenues of appeal from an action or decision of the BOI, depending on the nature of the controversy. One mode is to elevate an appeal to the Office of the President when the action or decision pertains to either of these two instances: first, in the decisions of the BOI over controversies concerning the implementation of the relevant provisions of E.O No. 226 that may arise between registered enterprises or investors and government agencies under Article 7; and second, in an action of the BOI over applications for registration under the investment priorities plan under Article 36.
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> Another mode of review is to elevate the matter directly to judicial tribunals. For instance, under Article 50, E.O. No. 226, a party adversely affected by the issuance of a license to do business in favor of an alien or a foreign firm may file with the proper Regional Trial Court an action to cancel said license. Then, there is Article 82, E.O. No. 226, which, in its broad phraseology, authorizes the direct appeal to the Supreme Court from any order or decision of respondent BOI "involving the provisions of E.O. No. 226."[223]

Indubitably, the framework enunciated in *BF Northwest* and *Springfield* will be impracticable for agencies possessing a complicated appellate procedure as the DAR and the BOI. Worse, such leads to

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[220] Otherwise known as the "Omnibus Investments Code Of 1987" (INVESTMENTS CODE).

[221] INVESTMENTS CODE, art.7, ¶4.

[222] G.R. No. 175787, 578 SCRA 113, Feb. 4, 2009.

[223] *Id.* at 79 (citations omitted).

sanctioning split jurisdiction which is abhorred in our jurisdiction and anathema to the orderly administration of justice.[224]

B. Moving Forward: Legislative Reform

A simpler approach to reform would be to simply amend the law. It bears stressing that the perceived void by the Supreme Court can be easily cured by amending Section 9 (2) of B.P. No. 129 to include within the original and exclusive jurisdiction of the CA judgments rendered by agencies and officers in the exercise of quasi-judicial power. Such an amendment is curative in two (2) aspects. First, it has the immediate effect of remedying the vacuum in the law which will persist so long as the doctrine of *Macalalag* is continuously tolerated by the legislature and the judiciary. The recognition of the remedy of annulment of judgment will afford parties injured by final judgments specifically procured by extrinsic fraud, an adequate remedy. More importantly, it will curb the growing practice of certain administrative agencies of assuming jurisdiction over such petitions on the mistaken notion that it has jurisdiction over the subject matter.[225] Quasi-judicial agencies, however, have only been given limited jurisdiction which only pertains to the areas over which they possess technical expertise. In this regard, it is well to recall the following pronouncement in *Department of Agrarian Reform Adjudication Board v. Lubrica*:[226]

> In general, the quantum of judicial or quasi-judicial powers which an administrative agency may exercise is defined in the enabling act of such agency. In other words, the extent to which an administrative entity may exercise such powers depends largely, if not wholly, on the provisions of the statute creating or empowering such agency. The grant of original jurisdiction on a quasi-judicial agency is not implied...In conferring adjudicatory powers and functions on the DAR, the legislature could not have intended to create a regular court of justice out of the DARAB, equipped with all the vast powers inherent in the exercise of its jurisdiction. The DARAB is only a

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[224] Southern Cross Cement Corp. v. Phil. Cement Manufacturers Corp., G.R. No. 158540, 434 SCRA 65, 85, Jul. 8, 2004 *citing* Associated Labor Union v. Gomez, 19 SCRA 304, 309 (1967); Atlas Consolidated v. Court of Appeals, G.R. No. 54305, 182 SCRA 166, 181, Feb. 14, 1990.

[225] For example Rule II, Section 3 of the 2009 Department of Agrarian Reform Adjudication Board (DARAB) Rules of Procedure provides that the DARAB shall have jurisdiction to annul final judgments of its Regional and Provincial Agrarian Reform Adjudicators on the ground of extrinsic fraud and lack of jurisdiction.

[226] G.R. No. 159145, 457 SCRA 800, Apr. 29, 2005

> quasi-judicial body, whose limited jurisdiction does not include authority over petitions for *certiorari*, in the absence of an express grant in R.A. No. 6657, E.O. No. 229 and E.O. No. 129-A.[227]

The grant of specialized jurisdiction cannot necessarily include the authority to nullify a judgment; even if such judgment is rendered by a subordinate office. It bears stressing that while a Department Secretary may possess the power of supervision or control, the aforesaid powers do not constitute an exception to the finality and immutability that attaches to a judgment rendered in the valid exercise of jurisdiction by the administrative officer vested with quasi-judicial discretion and the lapse reglementary period for appeal.[228]

Second, the amendment, as proposed, reinforces the prevailing legislative intent behind B.P No. 129, which is to constitute the CA as the primary tribunal that exercises the power of judicial review over judgments of quasi-judicial agencies. It bears stressing that Section 9 (3) of B.P. No. 129 has vested the CA with exclusive appellate jurisdiction over all final judgements, resolutions, orders or awards of quasi-judicial agencies, instrumentalities, boards or commissions. Since the CA has exclusive appellate jurisdiction over quasi-judicial agencies, petitions for writs of certiorari, prohibition or mandamus against the acts and omissions of quasi-judicial agencies, like petitioner, should be filed with it.[229] Accordingly, petitions for annulment of judgment may be construed as forms of judicial review over quasi-judicial agencies and therefore are properly cognizable by the CA.

Needless to say, the CA is in the best position to assume such jurisdiction considering that it is the one vested with original exclusive jurisdiction over judgments of RTCs under Section 9 (2) of B.P. No. 129. With respect to other courts in the judiciary, the CA has the most exposure to cases involving annulment of judgment and has, accordingly, acquired technical expertise in resolving such petitions.

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[227] *Id.* at 811-12 (citations omitted).

[228] *See* Ipekdjian Merchandising Co., Inc. v. Court of Tax Appeals, G.R. No. 15430, 9 SCRA 72, Sept. 30, 1963.

[229] Nat'l Water Resources Bureau v. A.L. Ang Network, G.R. No. 186450, 618 SCRA 22, 25, Apr. 8, 2010 *citing* RULES OF COURT, Rule 65, §4.

VII. CONCLUSION

There is nothing so sacrosanct in the processes and proceedings of quasi-judicial agencies that render judgments rendered thereby to be absolutely beyond reproach. Courts, as they are, possess strict and technical rules of procedure and evidence to facilitate the process in arriving at the truth and as a safeguard to ensure that the ends of justice and fairness are achieved. Yet it has been recognized time and again that notwithstanding such safeguards, even court proceedings and processes are vulnerable to collusion and fraud which necessitated the very availability of remedies to correct such injury in the interest of justice. Indeed the very development of equitable doctrines and remedies is but an implied acquiescence to the reality that even the most stringent standards of procedure, technicality, and evidence cannot guarantee with absolute certainty the satisfaction the ends of justice by mere compliance therewith. In such exceptional cases where a palpable breach of fairness is committed, the law must remain faithful to the essence of civil liberty: the right of every individual to claim the protection of the laws whenever he receives an injury.[230] To do otherwise, would be to sacrifice justice and fairness to the altar of formality. Indeed, equity will not suffer a wrong to be without a remedy. *Ubi jus ibi remedium.* And where there is a right, there must be an effective remedy.[231]

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[230] Marbury v. Madison, 1 Cranch (5 U.S.) 137, 163, (1803).

[231] Leonardo v. Court of Appeals, G.R. No. 125329, 410 SCRA 446, 449, Sept. 10, 2003. *See also* Manila Prince Hotel v. Gov't Service Insurance System, G.R. No. 122156, 267 SCRA 408, 412, Feb. 3, 1997.