



Republic of the Philippines  
 Supreme Court  
 Baguio City

*EN BANC*

SECRETARY PROCESO J. ALCALA, AS  
 SECRETARY OF THE DEPARTMENT OF  
 AGRICULTURE, AND AS CHAIRMAN OF  
 THE NATIONAL FOOD AUTHORITY  
 COUNCIL, AND THE BUREAU OF  
 CUSTOMS, REPRESENTED BY  
 COMMISSIONER JOHN PHILLIP P.  
 SEVILLA,

G.R. No. 211146

Petitioners,

- versus -

HONORABLE JUDGE EMMANUEL C.  
 CARPIO, IN HIS CAPACITY AS  
 PRESIDING JUDGE OF BRANCH 16,  
 REGIONAL TRIAL COURT IN DAVAO  
 CITY, AND JOSEPH MANGUPAG NGO,

Respondents.

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SECRETARY PROCESO J. ALCALA, AS  
 SECRETARY OF THE DEPARTMENT OF  
 AGRICULTURE, AND AS CHAIRMAN OF  
 THE NATIONAL FOOD AUTHORITY  
 COUNCIL, AND THE BUREAU OF  
 CUSTOMS, REPRESENTED BY  
 COMMISSIONER JOHN PHILLIP P.  
 SEVILLA,

G.R. No. 211375

**Present:**

GESMUNDO, *CJ.*,  
 LEONEN,  
 CAGUIOA,  
 HERNANDO,  
 LAZARO-JAVIER,  
 INTING,  
 ZALAMEDA,  
 LOPEZ, M.,  
 GAERLAN,  
 ROSARIO,  
 LOPEZ, J.,  
 DIMAAMPAO,  
 MARQUEZ,  
 KHO, Jr., and

Petitioners,

- versus -

HONORABLE JUDGE CICERO D.  
 JURADO, JR., IN HIS CAPACITY AS  
 PRESIDING JUDGE OF BRANCH 11,  
 REGIONAL TRIAL COURT IN MANILA,  
 DANILO G. GALANG, DOING BUSINESS  
 UNDER THE NAME AND STYLE ST.

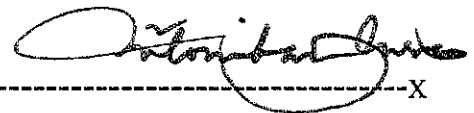
**HILDEGARD GRAINS ENTERPRISES,  
AND IVY M. SOUZA, DOING BUSINESS  
UNDER THE NAME AND STYLE BOLD  
BIDDER MARKETING AND GENERAL  
MERCHANDISE,**

Respondent.

SINGH, JJ.

Promulgated:

April 11, 2023



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## DECISION

**LOPEZ, J., J.:**

The issuance of a Writ of Preliminary Injunction is considered an extraordinary event, being a strong arm of equity or a transcendent remedy,<sup>1</sup> and must be grounded on the existence of a clear and unmistakable right. Thus, the power to issue the writ “should be exercised sparingly, with utmost care, and with great caution and deliberation.”<sup>2</sup> The failure to observe these safeguards constitutes grave abuse of discretion.

This Court are two consolidated Petitions for *Certiorari* with Applications for Injunctive Relief,<sup>3</sup> which (1) assail various orders issued by respondent Regional Trial Court (RTC) judges, preliminarily enjoining various district collectors from seizing, holding, and detaining private respondents’ rice shipments, due to lack of National Food Authority (NFA) import licenses, and (2) seek to restrain the RTC judges from proceeding with full-blown injunction hearings on the district collectors’ NFA to seize, hold, and detain the imports.

### The Antecedents

Sometime in 2013, private respondent Joseph Mangupag Ngo (Ngo) entered into an agreement to buy imported rice from Starcraft International Trading Corp. (Starcraft), a corporation registered under Philippine laws. The shipments from Thailand were covered by 15 bills of lading and were set to arrive at the port of Davao City on various dates in October 2013 and November 2013. Based on the agreement between Ngo and Starcraft, the ownership over the Rice Shipments will be transferred to Ngo upon payment of the amount stipulated as the down payment therein. Accordingly, Ngo made

<sup>1</sup> *Evy Construction and Dev’t. Corp. v. Valiant Roll Forming Sales Corp.*, 820 Phil. 123, 135 (2017) [Per J. Leonen, Third Division]. (Citation omitted)

<sup>2</sup> *Id.*

<sup>3</sup> *Rollo* (G.R. No. 211146), pp. 3–77; *rollo* (G.R. No. 211375), pp. 3–82. Similarly captioned Petition for *Certiorari* (With Application for Temporary Restraining Order, *Status Quo Ante* Order and/or Writ of Preliminary Injunction).

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payments in the aggregate amount of PHP 21,132,000.00 representing the down payment for the rice shipments in the Bills of Lading.<sup>4</sup> In the process of the release of the rice shipments from customs custody, Ngo was informed that the rice shipments could be released by the Bureau of Customs (BOC)—District Collector because they were imported without the necessary import permits from the NFA.<sup>5</sup> Ngo reasoned with the BOC that an import permit was not necessary for rice shipments because such was considered a quantitative restriction<sup>6</sup> on the import of agricultural products, which was prohibited under the World Trade Organization (WTO)—Agreement on Agriculture.

*Historical background on the WTO Agreement on agriculture and the Philippines' special treatment for rice*

The Philippines became a founding Member of the WTO as the Marrakesh Agreement entered into force on January 1, 1995.<sup>7</sup> The WTO provides a common institutional framework for the conduct of trade relations in matters related to multilateral and plurilateral trade agreements annexed thereto.<sup>8</sup> It spells out the principles of liberalization and permitted exceptions thereto, sets out Members' commitment to lower customs tariffs and trade barriers, and outlines dispute settlement procedures.<sup>9</sup>

It was on the same year that the Uruguay Round of the General Agreement on Tariffs and Trade was negotiated, culminating in the subject Agreement on Agriculture. Notably, one of the preambulatory clauses of the Agreement on Agriculture declared its “regard to non-trade concerns, including food security and the need to protect the environment; having regard to the agreement that special and differential treatment for developing countries is an integral element of the negotiations, and taking into account the possible negative effects of the implementation of the reform program on least-developed and net food-importing developing countries.”<sup>10</sup>

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<sup>4</sup> *Id.* at 297.

<sup>5</sup> *Id.*

<sup>6</sup> Quantitative restrictions are defined as specific limits on the quantity or value of goods that can be imported (or exported) during a specific time period. An example is an import quota, where a quantitative restriction on the level of imports is imposed by a country. See Organization for Economic Cooperation and Development, available at <https://stats.oecd.org/glossary/detail.asp?ID=4991> (last accessed on September 25, 2022).

<sup>7</sup> World Trade Organization, Trade Policy reviews, The Philippines: September 1999, available at [https://www.wto.org/english/tratop\\_e/tp114\\_e.htm#:~:text=In%20December%201994%2C%20the%20Philippine,force%20on%201%20January%201995](https://www.wto.org/english/tratop_e/tp114_e.htm#:~:text=In%20December%201994%2C%20the%20Philippine,force%20on%201%20January%201995) (last accessed on September 25, 2022).

<sup>8</sup> *Mirpuri v. Court of Appeals*, 376 Phil. 628, 666 (1999).

<sup>9</sup> World Trade Organization (WTO), Overview: a navigational guide, WTO Website, available at [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm1\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm1_e.htm). (last accessed on September 25, 2022)

<sup>10</sup> WTO, Agreement on Agriculture, available at [https://www.wto.org/english/docs\\_e/legal\\_e/14-ag\\_01\\_e.htm](https://www.wto.org/english/docs_e/legal_e/14-ag_01_e.htm) (last accessed on September 25, 2022).

Annex 5, Part B of the Agreement on Agriculture allowed special treatment for a primary agricultural product that is a predominant staple in the country's traditional diet—and following the Uruguay Round of trade negotiations, the Philippine government obtained a special treatment for rice in 1995 (“Special Treatment”), set to expire on December 31, 2004<sup>11</sup> (first concession). This first concession was extended to July 30, 2012, through a Certification of Modifications and Rectifications<sup>12</sup> of the Philippines' schedule of commitments (second concession). Paragraph 5.1 of this second concession stated that “[a]ny continuation of special treatment for rice shall be contingent on the outcome of the [Doha Development Agenda] negotiations[.]”<sup>13</sup>

On March 20, 2012—seeing as the Doha Development Agenda negotiations would not be completed before the second concession would lapse—the Philippine government submitted a Request for Waiver on Special Treatment for Rice of the Philippines (Request for Waiver),<sup>14</sup> including a Draft Decision<sup>15</sup> seeking a third concession proposed to expire on June 30, 2017. The Request for Waiver submitted to WTO stated the following justifications for this request:

Pursuant to Article IX:3 of the Marrakesh Agreement Establishing the World Trade Organization (“the WTO Agreement”), the Philippines hereby submits for the consideration of the Council on Trade in Goods a request for a waiver within the meaning of Article IX:3 of the WTO Agreement from its obligations under Articles 4.2 and Section B of Annex 5 of the Agreement on Agriculture *to continue the Philippines' special treatment for rice . . .*

. . . .

The Philippines has been in the forefront of trade reforms in the WTO to support economic development. Its WTO simple average bound tariff is 35 percent in agriculture, which is just over half of the average bound tariff for all WTO developing Members of 60 percent. The Philippines has virtually no trade-distorting domestic support or export subsidies. The Philippines' agriculture sector therefore can be considered as one of the most open agricultural trading regimes in the WTO.

*The Philippines notes that food security is a non-trade concern according to paragraph 6 of the preamble of the Agreement on Agriculture and the special treatment provision under paragraph 1(d) of Annex 5 of the Agreement seeks to address this concern through a temporary exemption from the agricultural reform process.*

Food security and poverty in the Philippines are directly linked with livelihood security. Rice is a predominant staple in the Philippines, which has about 2.4 million rice farmers. These farmers account for 34[%] of the

<sup>11</sup> *Rollo* (G.R. No. 211146), pp. 11, 89. Schedule LXXV – Philippines.

<sup>12</sup> *Id.* at 254–259.

<sup>13</sup> *Id.* at 258.

<sup>14</sup> *Id.* at 264–266.

<sup>15</sup> *Id.* at 267–269.

Philippines' labor force; however, agriculture contributed less than 15[%] of the GDP in 2008. . . .

While the Philippines is committed to improving market access for rice imports, the displacement effects of the expected surge in rice imports following the expiration of special treatment is expected to have large negative effects on income and livelihood security for farming household groups where the problem of poverty is already severe. This could also result in diverting resources from rice production, thereby compromising the food security of the country. The Philippines is also concerned that a sudden surge in rice imports following the expiration of special treatment could lead to greater social problems including political and economic stability.

Nevertheless, since 2001, the Philippines has encouraged greater participation by the private sector in the importation of rice to complement the role of the National Food Authority (the government with the sole authority to import rice) in ensuring food security, and also to stimulate gradual and healthy competition in the domestic rice production as it becomes more market-oriented.

In these exceptional circumstances, the Philippines requests this waiver from the obligations contained in Article 4.2 and paragraphs 8 and 10 of Section B of Annex 5 of the Agreement on Agriculture to permit the Philippines to increase its market access for rice . . . during the period 01 July 2012 – 30 June 2017.<sup>16</sup> (Emphasis supplied)

In the ensuing WTO sessions, the Council for Trade in Goods simply noted the Request for Waiver, and the Philippine government reported on ongoing negotiations and consultations with other interested members.<sup>17</sup> At the time these Petitions were filed, the Request for Waiver had yet to be definitely resolved.<sup>18</sup> It was only on July 24, 2014, pending these *certiorari* proceedings, that the WTO released a Decision on Waiver Relating to Special Treatment for Rice of the Philippines,<sup>19</sup> allowing a third concession until June 30, 2017 for the special treatment of rice.

*Domestic laws governing rice  
importation*

On the domestic plane, as early as 1972, then-President Ferdinand Marcos passed Presidential Decree No. 4, later amended by Presidential Decree Nos. 699 and 1485, "Proclaiming the Creation of the National Grains Authority and Providing Funds Therefor." Under Section 6(a)(xii) thereof, the

<sup>16</sup> *Id.* at 264–265.

<sup>17</sup> *Id.* at 370–377. WTO, Committee on Agriculture, Summary Report of the Meeting Held on November 17, 2011, dated February 3, 2012, G/AG/R/65; *id.* at 378–402. WTO, Council for Trade in Goods, Minutes of the Meeting of the Council for Trade in Goods held on June 22, 2012, dated October 3, 2012, G/C/M/111; *id.* at 403–425. WTO, Council for Trade in Goods, Minutes of the Meeting of the Council for Trade in Goods held on November 26, 2012, dated October 3, 2012, G/C/M/112; *id.* at 426–449. WTO, Council for Trade in Goods, Minutes of the Meeting of the Council for Trade in Goods held on July 11, 2013, dated October 7, 2013, G/C/M/114.

<sup>18</sup> *Id.* at 13.

<sup>19</sup> *Rollo* (G.R. No. 211146), pp. 1203–1206.

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National Grains Authority, the predecessor of the NFA,<sup>20</sup> was authorized to establish rules and regulations on the importation of rice, and to license, impose, and collect fees and charges for said importation.

In 1996, Republic Act No. 8178, or “An Act Replacing Quantitative Import Restrictions on Agricultural Products, Except Rice, With Tariffs, Creating the Agricultural Competitiveness Enhancement Fund, And For Other Purposes” was passed. With the explicit exception of rice, Section 2 of the law mandated the use of tariffs in lieu of non-tariff import restrictions to protect local producers of agricultural products, and Section 4 repealed various laws or provisions prescribing quantitative import restrictions or those empowering government bodies to impose such restrictions.

The powers of the NFA, formerly the National Grains Authority (NGA) included the following:

(xii) to establish rules and regulations *governing the importation of rice and to license*, impose and collect fees and charges for said importation for the purpose of equalizing the selling price of such imported rice with normal prevailing domestic prices. (Emphasis supplied)

On March 22, 2013, the NFA issued Memorandum Circular No. AO-2K13-03-003 with the subject “General Guidelines in the Importation of Well-Milled Rice Under the Country Specific Quota (CSQ) of 163, 000 MT for the Year 2013” (“2013 NFA Rice Importation Guidelines”).<sup>21</sup> In line with the government’s policy of allowing the private sector to participate in rice importation when needed, the NFA allocated a total import volume of 163, 000 metric tons of rice from the stated source countries of Thailand, China, India, and Australia. The import volume was to be allocated to importers on a first come, first served basis, at a minimum of 2,000 metric tons and a maximum of 5,000 metric tons per importer for the year 2013. The 2013 NFA Rice Importation Guidelines provided that all interested NFA-licensed importers may apply to import by submitting the enumerated company documents, obtaining a Certificate of Eligibility, payment of duties/tariffs, obtaining a Notice of Allocation, submitting the enumerated shipment documents, and ultimately obtaining the Import Permit on a per bill of lading basis.<sup>22</sup>

*The Injunction proceedings before the  
RTC*

On December 5, 2013, Ngo filed a Complaint for Permanent Injunction with Prayer for a Temporary Restraining Order (TRO) and/or Preliminary

<sup>20</sup> Presidential Decree No. 1770 (1981).

<sup>21</sup> *Rollo* (G.R. No. 211146), pp. 286–291.

<sup>22</sup> *Id.*

Injunction<sup>23</sup> before Branch 16, RTC, Davao City, docketed as Civil Case No. 35,354-2013. He asserted in his complaint that although the Philippines filed a request with the WTO for a 5-year extension of the Special Treatment, such extension was not yet granted as of the date of his complaint. He alleged that the withholding of his rice shipments cost him expenses with respect to demurrage and storage fees, among others.<sup>24</sup> Ngo asserted that he had a legal right over the rice shipments pursuant to his agreement with Starcraft. He became the owner of the rice shipments upon payment of the down payment and had the right to cause the release of the rice shipments and to take possession and custody thereof.<sup>25</sup>

Significantly, Ngo claimed that the WTO Special Treatment was the only source of the Philippines' right to impose quantitative restrictions by way of import permits and import quotas.<sup>26</sup> Claiming irreparable injury as the further detention of the rice shipments can cause to his good business reputation, Ngo prayed that the district collector lift the restrictions on his imports and be preliminarily and permanently enjoined from seizing or holding these from implementing any hold orders, and doing any act that would prejudice Ngo while the propriety and validity of its actions are still subject to judicial determination.<sup>27</sup>

On January 14, 2015, private respondent Danilo G. Galang (Galang), filed a similar Complaint<sup>28</sup> making identical allegations and praying for substantially similar reliefs as Ngo. Galang alleged that during the course of his business, he had dealings with Ivy M. Souza (Souza) who was a rice trader, importer and sole proprietor of Bold Bidder Marketing and General Merchandise. In December 2013, Galang entered into an agreement with Souza, with the latter agreeing to sell Galang the rice shipments imported by her and were to be discharged in the Port of Manila. Ownership was allegedly transferred to Galang upon his payment for the rice shipments. The BOC refused to release Souza's rice importations because they were made without import permits from the NFA, hence, illegal under the 2013 NFA Rice Importation Guidelines. The Complaint filed by Galang was directed against the District Collector of the Port of Manila and filed before Branch 11, RTC, Manila City, docketed as Civil Case No. CV-14-131261.

In Civil Case No. 35,354-2013, Judge Emmanuel C. Carpio (Judge Carpio) found that, considering the expiry of the second concession on June 30, 2012, the District Collector of the Port of Davao's authority to seize and detain Ngo's shipments was disputable, which was an issue that required a

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<sup>23</sup> *Id.* at 296–311. For: Permanent Injunction with Prayer for a Temporary Restraining Order and/or Preliminary Injunction.

<sup>24</sup> *Id.* at 301–307.

<sup>25</sup> *Id.* at 302.

<sup>26</sup> *Id.* at 305.

<sup>27</sup> *Id.* at 308–309.

<sup>28</sup> *Rollo* (G.R. No. 211375), pp. 138–181. Captioned Complaint for Permanent Injunction with Prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction.

full-blown hearing. Granting the preliminary injunction,<sup>29</sup> Judge Carpio disposed in his assailed Order<sup>30</sup> in this wise:

Since the determination on whether or not the NFA can still exercise its authority to restrict the quantity of rice coming in the Philippines under the WTO Special Treatment after the expiration of said authority on June 30, 2012, needs full blown trial, the Court pending said trials finds the need to grant the injunctive relief sought for, because plaintiff has sufficiently established in his favor the requisites of the preliminary mandatory injunction, i.e. “xxx (a) the invasion of right sought to be protected is material and substantial; (b) the right of the complainant is clear and unmistakable; and (c) there is an urgent and paramount necessity for the writ to prevent serious damage, (citations omitted), as supported by the following:

- 1) Plaintiff’s right of ownership of the imported rice because of:
    - (a) the agreement between the Starcraft International Trading Corp. and plaintiff Joseph Mangupag Ngo; (Exhibit “D”) and
    - (b) his down payment of the value of the goods, payment of cost of shipment and demurrage;

....
  - 2) Tariffs and customs duties were already paid by the Plaintiff, which payment was not contested by defendants’ counsel, Atty. Dy Buco;
  - 3) There is an urgent and paramount necessity for the writ to issue to prevent irreparable damage, because the goods subject matter of the instant case are perishable as acknowledged by counsel of the defendants.<sup>31</sup>
- ....

**FOR REASONS STATED**, pending trial, let a Writ of Preliminary Mandatory Injunction issue, upon Plaintiff’s posting a bond in the amount of [PHP] 5,000,000.00 and upon payment of the required fees, *enjoining and restraining defendant, all those acting for and in their behalf, and all their agents and responsible officers, from:*

- a. Seizing, alerting, and/or holding Plaintiff’s rice shipments (*under House Bill of Lading Nos. MCPU 561501576; MCPU 561530836; MCPU MCC372735; MCPU MCC372738; MCPU MCC 381399; MCPU MCC372721; APLU074794947; APLU074794965; APLU0748005528*) whose tariffs and customs duties are duly paid;
- b. Implementing any Alert Orders, Hold Orders, and issuances in relation to Plaintiff’s rice shipments and/or refusing to lift any such orders or issuances;

<sup>29</sup> *Rollo* (G.R. No. 211146), p. 85. December 13, 2013 Order, directing the issuance of the writ of preliminary injunction; *id.* at 86–87. December 13, 2013 Writ of Preliminary Injunction.

<sup>30</sup> *Id.* at 78–84. The December 12, 2013 Decision was penned by Presiding Judge Emmanuel C. Carpio of Branch 16, Regional Trial Court, Davao City.

<sup>31</sup> *Id.* at 83–84.



- c. Doing any act that would prejudice Plaintiff while the propriety and validity of its actions as enumerated in the preceding paragraphs, are still at issue and subject to judicial determination.

**SO ORDERED.**<sup>32</sup> (Emphasis in the original)

Meanwhile, in Civil Case No. CV-14-131261, following the approved bond of 10 Million Pesos posted through Visayan Surety and Insurance Corporation, Judge Cicero D. Jurado, Jr. (Judge Jurado) deemed a preliminary injunction necessary since the District Collector of the Port of Manila's continued detention of Galang's rice shipments constituted a material invasion of the latter's rights.<sup>33</sup> In the Amended Order,<sup>34</sup> Judge Jurado ordered the issuance of a writ of preliminary injunction:

The evidence presented by herein applicant displays that he has a clear and unmistakable right over the 480 container vans of sacks of rice now being withheld at the Bureau of Customs compound. Also, there is material and substantial invasion of such right considering the non-release of the said items, is a clear violation of such right. Third, there is an urgent and permanent necessity for the writ to prevent serious damage. The Court takes judicial notice that in the grains or rice industry once rice exceeds a certain period of time and not released to the market it becomes spoiled. Thus, the further retention of the said 480 container vans of sacks of rice would only result in its spoilage.

The Court is persuaded that a writ of preliminary injunction must therefore be issued.

WHEREFORE, foregoing premises considered, let a writ of preliminary injunction be issued in favor of BOLD BIDDER MARKETING AND GENERAL MERCHANDISE, from whom plaintiff Danilo G. Galang doing business under the name and style St. Hildegard Grains Enterprises, bought the rice shipments subject matter of this case, enjoining and restraining defendants Bureau of Customs, the District Collectors of the Ports of Manila, North Harbor and South Harbor, in their capacities as the incumbent District Collectors for the Ports of Manila, North and South Harbor and all persons acting for and in their behalf and all their agents from a) implementing NFA Memorandum Circular No. AO-2K13-03-003; b) seizing, alerting, and/or holding BOLD BIDDER MARKETING AND GENERAL MERCHANDISE and/or plaintiff's rice shipment referred in this petition, which the plaintiff may acquire by sale or by importation after the filing of this Petition; c) implementing any Alert Orders, Hold Orders, and issuances and/or refusing to lift any such orders or issuances in relation to BOLD BIDDER MARKETING AND GENERAL MERCHANDISE and/or plaintiff's rice shipments referred in this Petition and those shipments, similarly situated as those in the Petition, which the plaintiff may acquire by sale or by importation after the filing of this Petition; and d) doing any act that would prejudice BOLD BIDDER MARKETING AND GENERAL MERCHANDISE and/or plaintiff while

<sup>32</sup> *Id.* at 84.

<sup>33</sup> *Rollo* (G.R. No. 211375), pp. 83–85. The January 23, 2014 Order in Civil Case No. CV-14-131261 was penned by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

<sup>34</sup> *Id.* at 89–91. The February 28, 2014 Amended Order in Civil Case No. CV-14-131261 was penned by Presiding Judge Cicero D. Jurado, Jr. of Branch 11, Regional Trial Court, Manila.

the propriety and validity of its actions as enumerated in the preceding paragraphs, are still at issue and subject to judicial determination.

The bond for the Issuance of a Writ of Preliminary Injunction Is set at TEN MILLION PESOS.<sup>35</sup> (Emphasis in the original)

### *The proceedings before this Court*

On February 24, 2014, Secretary Proceso J. Alcala (Alcala), as Secretary of the Department of Agriculture (DA) and Chairperson of the NFA, as well as the BOC, represented by Commissioner John Phillip P. Sevilla (Sevilla) (petitioners), filed a Petition for *Certiorari* with application for TRO, *Status Quo Ante* Order and/or Writ of Preliminary Injunction before this Court. Upon the filing of the petition in G.R. No. 211146, this Court issued a Resolution<sup>36</sup> temporarily restraining Judge Carpio from implementing the assailed issuances and from further proceeding with the injunction hearing.<sup>37</sup> Following this Court's directive, Judge Carpio issued a March 18, 2014 Order suspending the proceedings in Civil Case No. 35,354-2013.

Thereafter, this Court issued a Resolution,<sup>38</sup> consolidating the petition in G.R. No. 211375 with G.R. No. 211146, and likewise preventing Judge Jurado from implementing his assailed orders and from continuing with the injunction proceedings.<sup>39</sup>

Following the above issuances, Ngo and Galang each filed an Urgent Motion and/or Manifestation for the Release of Perishable Goods (Rice) Under Bond,<sup>40</sup> stressing that the prolonged detention by the BOC of the rice

<sup>35</sup> *Id.* at 90–91.

<sup>36</sup> *Rollo* (G.R. No. 211146), pp. 453–454. This Court's Resolution, February 25, 2014 (Notice) [*En Banc*].

<sup>37</sup> “. . . Acting on the Petition for *Certiorari* (with Application for Temporary Restraining Order, *Status Quo Ante* Order and/or Writ of Preliminary Injunction), the Court Resolved, without giving due course to the petition, to:

.....  
(b) **ISSUE the TEMPORARY RESTRAINING ORDER** prayed for, effective immediately and continuing until further orders from this Court, enjoining the (1) court *a quo* from implementing the assailed Orders dated December 12, 2013 and December 13, 2013, and Writ of Preliminary Injunction dated December 13, 2013; (2) court *a quo* from proceeding with the case *a quo* (Civil Case No. 35,354-13); and (3) private respondent Joseph Mangupag Ngo from undertaking any and all action with respect to the subject rice shipments.”

<sup>38</sup> *Rollo* (G.R. No. 211146), pp. 996-A to 996-C. This Court's Resolution, March 18, 2014 (Notice) [*En Banc*].

<sup>39</sup> “. . . Acting on the Petition for *Certiorari* with Application for Temporary Restraining Order, *Status Quo Ante* Order and/or Writ of Preliminary Injunction, the Court Resolved, without giving due course to the petition, to:

.....  
(b) **ISSUE the TEMPORARY RESTRAINING ORDER** prayed for, effective immediately and continuing until further orders from this Court, enjoining the (1) court *a quo* from implementing the assailed Orders dated January 23, 2014 and February 27, 2014, Amended Order dated February 28, 2014, and Writ of Preliminary Injunction dated January 24, 2014, as amended by the Order dated February 27, 2014; (2) court *a quo* from proceeding with the case *a quo* (Civil Case No. CV-14-131261); and (3) private respondents Danilo G. Galang and Ivy M. Souza from undertaking any and all action with respect to the subject rice shipments and any rice shipments similarly situated as those in the case *a quo* which they may acquire by sale or by importation after the filing of the case *a quo*.”

<sup>40</sup> *Rollo* (G.R. No. 211146), pp. 463–471; *rollo* (G.R. No. 211375), pp. 288–297.

shipments will result to their deterioration, spoilage, and wastage. This Court denied these urgent motions in its Resolution as follows:<sup>41</sup>

The Court resolves to DENY the said motions.

It must be emphasized that the BOC is not covered by temporary restraining orders issued in these cases. Hence, the said agency may proceed, as it may deem proper to the best advantage of the government, and undertake such procedures with regard to the subject rice shipments in its custody pursuant to the Tariff and Customs Code, as amended, including Sec. 2301 thereof, and other relevant laws, statutes, and regulations. Moreover, the Court cannot *a fortiori* now allow the release of the rice shipments to the said respondents because the Office of the Solicitor General disputes their ownership of the same.

WHEREFORE, the separate Urgent Motions and/or Manifestations for the Release of Perishable Goods (Rice) Under Bond filed by respondent Joseph Mangupag Ngo in G.R. No. 211146 and respondent Danilo [G.] Galang in G.R. No. 211375, are DENIED for lack of merit.<sup>42</sup>

Private respondents Ngo, Galang, and Souza all sought the reconsideration of the Resolution.<sup>43</sup> However, in another Resolution,<sup>44</sup> this Court denied reconsideration, ruling that they merely appealed to equity while the law clearly directs the BOC to proceed with its mandate, and that they had not even clearly shown their legal right to the rice shipments. This Court expressed its inclination to rule on the main Petitions only after exhaustively going through the parties' submissions.

On September 30, 2014, petitioners filed with this Court a Manifestation stating<sup>45</sup> that the WTO had released a Decision on Waiver Relating to Special Treatment for Rice of the Philippines,<sup>46</sup> allowing a third concession from July 1, 2012 until June 30, 2017.

Much later in the proceedings, after this Court required the parties to move in the premises,<sup>47</sup> petitioners filed a Compliance and Manifestation,<sup>48</sup> pointing out that, on February 14, 2019, President Rodrigo Duterte signed into law Republic Act No. 11203, entitled "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Restriction on Rice, and for Other Purposes." Petitioners conceded that Republic Act No. 11203 amended Republic Act No. 8178, thus no longer subjecting rice imports to quantitative restrictions, and instead allowing only

<sup>41</sup> *Rollo* (G.R. No. 211146), pp. 996-N to 996-Q. This Court's Resolution, April 22, 2014 (Notice) [*En Banc*].

<sup>42</sup> *Id.* at 996-O to 996-P.

<sup>43</sup> *Rollo* (G.R. No. 211375), pp. 693-725.

<sup>44</sup> *Rollo* (G.R. No. 211146), pp. 1344-1350. This Court's Resolution, June 23, 2015 (Notice) [*En Banc*].

<sup>45</sup> *Id.* at 1186-1195.

<sup>46</sup> *Id.* at 1203-1206.

<sup>47</sup> *Id.* at 2192-2193. This Court's Resolution, October 15, 2019 (Notice) [*En Banc*].

<sup>48</sup> *Id.* at 2204-2221.

tariffication of such commodity. This development notwithstanding, petitioners emphasized that these petitions must still be resolved since Republic Act No. 11203 took effect on March 5, 2019, whereas the subject rice shipments were imported sometime in 2013, when Republic Act No. 8178 had not yet been amended, and the 2013 NFA Rice Importation Guidelines was in full effect, where NFA import licenses were still required. Thus, although Republic Act No. 11203 had already superseded the 2013 NFA Rice Importation Guidelines,<sup>49</sup> if only to properly scrutinize the assailed orders, this Court should appreciate the implications of this issuance during the time it was in effect.

### *Summary of arguments*

Petitioners primarily assert that public respondents Judge Carpio and Judge Galang committed grave abuse of discretion in upholding private respondents' argument that no NFA import permits were necessary for the subject rice shipments. Petitioners claim that they had the requisite standing to file such petitions as they were real parties in interest in the case. They claim that public respondents committed grave abuse of discretion in granting the writ of preliminary injunction despite the private respondents' failure to demonstrate a clear and unmistakable legal right that ought to be protected by the courts, and the failure to establish an injury that is irreparable, which is understood in jurisprudence as unquantifiable. Additionally, they contended that public respondents, in granting the said injunctions, effectively allowed a collateral attack on the 2013 NFA Rice Importation Guidelines, contravening the presumption of regularity accorded to it. They claim that the private respondents cannot anchor their claim of rights on the WTO agreements as only member states may bring suits in relation to any violation thereof. On the procedural aspect, petitioners claim that direct resort to this Court's jurisdiction was proper because of the urgent matters of national interest involved.<sup>50</sup>

In contradicting the instant Petitions, private respondents Galang and Souza raised several procedural concerns. They assert that DA Secretary Alcala and Bureau Commissioner Sevilla were not original parties against whom the civil cases were filed and against whom the Preliminary Injunction subject of this case was issued. They also question the propriety of filing a Petition for *Certiorari* before this Court, for alleged failure to demonstrate grave abuse of discretion on the part of public respondents and for disregard of the hierarchy of courts. They further assert that petitioners were not deprived of due process as the district collectors of the ports of Manila, north harbor and south harbor, were duly notified of the complaint and the hearings on the application for the issuance of a TRO and preliminary injunction.

<sup>49</sup> Republic Act No. 11203, sec. 19: "*Repealing Clause*. — All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly."

<sup>50</sup> *Rollo* (G.R. No. 211146), pp. 1054–1072. See also petitioners' Reply dated July 28, 2014; *id.* at 1578–1679. Consolidated Memorandum dated July 25, 2016.

Finally, they insist that the imminent damage or injury caused to them is irreparable. Additionally, in their Joint Memorandum,<sup>51</sup> they appended the WTO's Introduction of Harmonized System Changes into WTO Schedules of Tariff Concessions on January 1, 1996, which demonstrates that retroactive effects of waiver decisions must be explicitly provided for, while the WTO's waiver decision on rice imports provided no such retroactivity.<sup>52</sup>

Ngo raised substantially the same arguments as Galang and Souza. He argued in his Comment<sup>53</sup> that the 2013 NFA Rice Importation Guidelines was invalid at the time the District Collector enforced it, as it was not filed with the University of the Philippines Office of the National Administrative Register; and that then-Justice Secretary Leila De Lima actually issued a legal opinion to Secretary Alcala, upon the latter's request, advising that the NFA could no longer require import licenses as the June 30, 2012 waiver extension had lapsed.

In his Comment,<sup>54</sup> Judge Carpio proffered that in determining whether the writ of preliminary injunction was properly issued, the fundamental issue is whether, after the June 30, 2012 deadline of the waiver extension, the NFA still had the authority to require licenses for rice imports.

### Issues

On the procedural aspect, we determine the salient issues to be addressed as:

#### I.

Whether the instant case is rendered moot and academic with the enactment of Republic Act No. 11203; and

#### II.

Whether Secretary Proceso Alcala and Commissioner John Philip Sevilla have legal standing to institute the instant petitions for *certiorari* despite the fact that they were not original parties in the civil cases at the court *a quo*.

On the substantive aspect, the central issue for this case is whether public respondents acted with grave abuse of discretion in issuing the writs of preliminary injunction against the District Collectors' seizure and detention of private respondents' rice shipments. This can be resolved by threshing out the

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<sup>51</sup> *Id.* at 1680–1813.

<sup>52</sup> *Id.* at 1960.

<sup>53</sup> *Id.* at 496–594.

<sup>54</sup> *Id.* at 821–834.

sub-issue of whether private respondents have established a clear legal right *in esse* to import rice at the time of this controversy.

### **This Court's Ruling**

We are well aware of the multifarious legal interests involved in the instant factual milieu and its entanglement between several timeless concerns such as the nation's food security and international free trade *vis-à-vis* protectionist policies.

We make explicit, however, that it is not within the province of this Court to comment on the benefits and disadvantages of either of the above economic policies as these are dynamic issues that is better left to the wisdom of the Executive branch, headed by the Chief Executive, who likewise stands as the country's chief architect for foreign policy.<sup>55</sup>

This Court has no intention of venturing outside the narrow path of determining the existence of a grave abuse of discretion. Any extensive and substantive discussion herein—on the nature of the WTO Agreement, its differentiated treatment between developed and developing countries, and its dispute settlement mechanisms; the principle of *pacta sunt servanda*; the political question doctrine; the President's plenary power to manage international relations; fundamental rights and property rights; statutory construction of Republic Act No. 9178—is deemed necessary *only* because of the deep sub-issue as to whether private respondents met the requirement of having a clear and unmistakable right.

*The enactment of Republic Act No. 11203 does not render the instant case moot and academic*

The rule is that a case becomes moot when the resolution of the issue would no longer serve a practical value. This was explained in *Express Telecommunications Co. Inc. v. AZ Communications, Inc.*<sup>56</sup> as follows:

A case is moot when a supervening event has terminated the legal issue between the parties, such that this Court is left with nothing to resolve. It can no longer grant any relief or enforce any right, and anything it says on the matter will have no practical use or value. In *Peñafrancia Sugar Mill, Inc. v. Sugar Regulatory Administration*:

A case or issue is considered moot and academic when it ceases to present a justiciable controversy by virtue of

<sup>55</sup> *Senator Aquilino Pimentel, Jr., et al. v. Office of the Executive Secretary, et al.*, 501 Phil. 303, 313 (2005).

<sup>56</sup> 877 Phil. 44 (2020) [Per J. Leonen, Third Division].

supervening events, so that an adjudication of the case or a declaration on the issue would be of no practical value or use. In such instance, there is no actual substantial relief which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness. This is because the judgment will not serve any useful purpose or have any practical legal effect because, in the nature of things, it cannot be enforced.

In this case, the supervening issuance of Sugar Order No. 5, s. 2013-2014 which revoked the effectivity of the Assailed Sugar Orders has mooted the main issue in the case *a quo* - that is the validity of the Assailed Sugar Orders. Thus, in view of this circumstance, resolving the procedural issue on forum-shopping as herein raised would not afford the parties any substantial relief or have any practical legal effect on the case. (Citations omitted)

Without any legal relief that may be granted, courts generally decline to resolve moot cases, lest the ruling result in a mere advisory opinion. This rule stems from this Court's judicial power, which is limited to settling actual cases and controversies involving legally demandable and enforceable rights. There must be a judicially resolvable conflict involving legal rights, with one party asserting a claim and the other opposing it.<sup>57</sup> (Citations omitted)

At first glance, it would appear that the instant Petitions may have already been mooted by the enactment of Republic Act No. 11203, as well as the issuance of the Resolution,<sup>58</sup> which held that the BOC, not being covered by the injunctions issued by this Court, may proceed with the exercise of its mandate in accordance with law.

Nonetheless, courts will decide cases, otherwise moot and academic if: *first*, there is a grave violation of the Constitution; *second*, the exceptional character of the situation and the paramount public interest is involved; *third*, when the constitutional issue raised requires formulation of controlling principles to guide the bench, the bar and the public; and *fourth*, the case is capable of repetition yet evading review.<sup>59</sup>

The instant case falls under the fourth exception. The Philippines' second concession expired on June 30, 2012, while a third concession was granted only on July 24, 2014. Consequently, an interval occurred within which the Philippines was not covered by an exemption from the pertinent provisions of the WTO. During this period, several rice shipments would have to pass by the District Collectors who may have relied on the provisions of

<sup>57</sup> *Id.* at 53-54.

<sup>58</sup> *Rollo* (G.R. No. 211146), pp. 996-N to 996-Q.

<sup>59</sup> *Int'l. Service for the Acquisition of Agri-Biotech Applications, Inc. v. Greenpeace Southeast Asia (Phils.), et al.*, 791 Phil. 243, 259 (2016) [Per J. Perlas-Bernabe, *En Banc*].

2013 NFA Guidelines on Rice Importation. As such, it is reasonable to believe that those similarly situated will bring a similar action as in the instant case. There is thus, a necessity to resolve the instant case and lay to rest the pending issues.

*Petitioners Alcala and Sevilla have legal standing to institute the instant petitions for certiorari*

Private respondents aver that petitioners do not have legal standing to initiate the instant Petitions for *Certiorari*, in view of the fact that the only parties impleaded in the original complaints were the District Collector of the Port of Manila for Civil Case No. CV-14-131261; and the District Collector of the Port of Davao for Civil Case No. 35,354-2013.

They are misguided.

First, the Rule 3, Section 2 of the Rules of Civil Procedure provides who may be considered as parties in interest:

Section 2. *Parties in interest.* — A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. Unless otherwise authorized by law or these Rules, every action must be prosecuted or defended in the name of the real party in interest. (2a)

We agree with the position of the petitioners that both District Collectors impleaded in the injunction proceedings are officers within the BOC, one of the petitioners in this case. The injury to be suffered by the BOC is the infringement of its mandate to “implement an effective revenue collection by preventing and suppressing smuggling and the entry of prohibited imported goods.”<sup>60</sup> The BOC was appropriately represented in the present case by its Commissioner, Sevilla.

The other petitioner, Alcala, was the former Secretary of DA. Given that the complaint for injunction clearly questioned the requirement of import permits under the 2013 NFA Guidelines on Imported Rice, the mandate of the NFA was likewise attacked. As the Chairperson of the NFA Council pursuant to Section 4 of Presidential Decree No. 4, Alcala was an appropriate representative for the filing of this case.

<sup>60</sup> General Appropriations Act FY 2015, Section B: Bureau of Customs, available at <https://www.dbm.gov.ph/wpcontent/uploads/GAA/GAA2015/GAA%202015%20Volume%20I/DOF/B.pdf> (last accessed on September 25, 2022).



*The grounds for preliminary injunction*

In order to determine the propriety of the issued preliminary injunction, it is imperative to begin with Rule 58, Section 3 of the Rules of Civil Procedure, as amended:

Section 3. *Grounds for issuance of preliminary injunction.* — A preliminary injunction may be granted when it is established:

(a) That the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts, either for a limited period or perpetually;

(b) That the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or

(c) That a party, court, agency or a person is doing, threatening, or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.

Jurisprudence parses out this provision into four requisites:

- (1) the applicant must have a clear and unmistakable right, that is a right *in esse*;
- (2) there is a material and substantial invasion of such right;
- (3) there is an urgent need for the writ to prevent irreparable injury to the applicant; and
- (4) no other ordinary, speedy, and adequate remedy exists to prevent the infliction of irreparable injury.<sup>61</sup>

On the procedural aspect, Section 4 of the same Rule indicates, among others, that a preliminary injunction or temporary restraining order may be granted only when the application shows facts entitling the applicant to the relief demanded, and a bond is executed to the party or person enjoined, in an amount to be fixed by the court, to the effect that the applicant will pay to such party or person all damages which he may sustain by reason of the injunction or temporary restraining order if the court should finally decide that the applicant was not entitled thereto.

*I. There is no right in esse to import goods*

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<sup>61</sup> *Amalgamated Motors Philippines, Inc. v. Secretary of the Department of Transportation and Communications*, G.R. No. 206042, July 4, 2022 [Per J. J. Lopez, Second Division], citing *Marquez v. Sanchez*, 544 Phil. 507, 517–518 (2007) [Per J. Veloso, Jr., Second Division].

The existence of a right *in esse* is the first requisite. Case law provides that a right *in esse* is one that is clear and unmistakable, and one clearly founded on or granted by law, or is enforceable as a matter of law.<sup>62</sup> It is not enough to merely allege a right. The existence of a right to be protected, as well as the violative acts against which the writ is sought to be issued, must be established.<sup>63</sup>

At the outset, it bears stating that private respondents did not in fact possess the import permit as required by the NFA. Ngo admitted this in his Judicial Affidavit<sup>64</sup> before the permanent injunction case in the RTC:

Q16: If you know, what is the basis of the BOC District Collector of the Port of Davao in refusing to release the Rice Shipments?

A: The Rice Shipments have no import permit.

Q17: What actions did you take, if any, when the BOC District Collector of the Port of Davao refused to release the Rice Shipments?

A: The BOC District Collector of the Port of Davao was informed that no import permit is required or needed for the Rice Shipments because the country no longer has any right to impose quantitative restrictions on the importation of rice in the Philippines due to the expiration of the special treatment granted to the Philippines by the World Trade Organization (WTO) – General Agreement on Tariffs and Trade (GATT) allowing it to impose quantitative restrictions on rice, by way of import permits, on June 30, 2012.<sup>65</sup>

The same is true for Galang, who admitted in his testimony before the trial court<sup>66</sup> that the reason given by the Bureau of Customs for refusing to release his rice shipments was the absence of the NFA import permit.<sup>67</sup>

Given these facts, did private respondents have a clear and unmistakable right in law to import rice regardless of the knowledge, assessment, and approval of the NFA which results in its issuance of an import permit?

We rule in the negative.

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<sup>62</sup> *Lim v. BPI Agricultural Development Bank*, 628 Phil. 601, 607 (2010) [Per J. Carpio-Morales, First Division].

<sup>63</sup> See *Duvaz Corporation v. Export and Industry Bank*, 551 Phil. 382, 391 (2007).

<sup>64</sup> *Rollo* (G.R. 211146), pp. 615–621.

<sup>65</sup> *Id.* at 619.

<sup>66</sup> *Rollo* (G.R. No. 211375), pp. 664–686.

<sup>67</sup> *Id.* at 681.

Importation is defined as the act of bringing in of goods from a foreign territory into Philippine territory, whether for consumption, warehousing, or admission.<sup>68</sup>

Based on the above definition, there is nothing about importation that will justify its classification as a clear and unmistakable right that is clearly founded on or granted by law, much less as a fundamental right.

*No clear and unmistakable right  
established under the law*

A review of the laws involved—including, under the doctrine of incorporation,<sup>69</sup> the WTO and its appendices—would also negate the establishment of such right.

We emphasize that the issue before this Court is narrowly drawn on the propriety of the public respondents' issuances of writs of preliminary injunction and the factual and legal bases relied upon in doing so.

To be clear, it has never been the mandate of the judicial department to grant rights to individuals. Especially in injunctive proceedings, plaintiffs must be able to prove that such right already exists. With regard to the deregulated importation of rice, private respondents posit that the WTO serves as their source of rights. We hold, however, that questions pertaining to import quotas, would fit into practically all the identifiers of a political question under the classic case of *Baker v. Carr*,<sup>70</sup> namely:

- a) A textually demonstrable constitutional commitment of the issue to a coordinate political department;
- b) A lack of judicially discoverable and manageable standards for resolving it;
- c) The impossibility of deciding without an initial policy determination of a kind clearly for non-judicial discretion;
- d) The impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government;
- e) An unusual need for unquestioning adherence to a political decision already made; or
- f) The potentiality of embarrassment from multifarious pronouncements made by various departments on the one question.<sup>71</sup> (Citation omitted)

<sup>68</sup> Republic Act No. 10863, "An Act Modernizing the Customs and Tariff Administration," sec. 102(z).

<sup>69</sup> The doctrine of incorporation, as expressed in Article II, Section 2 of the Constitution, provides that the Philippines adopts the generally accepted principles of international law and international jurisprudence as part of the law of the land and adheres to the policy of peace, cooperation, and amity with all nations. See *Bayan Muna v. Romulo, et al.*, 656 Phil. 246, 267–268 (2011) [Per J. Velasco, Jr., *En Banc*].

<sup>70</sup> 369 U.S. 186, cited in *Congressman Garcia v. The Executive Secretary, et al.*, 602 Phil. 64 (2009) [Per J. Brion, *En Banc*].

<sup>71</sup> *Id.* at 74.

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This case concerns the subject matter of import quotas. Central to the 2013 NFA Guidelines for Rice Importation was the NFA's establishment of a Country Specific Quota (CSQ) of 163, 000 MT, where the import volume was to be allocated to importers on a first-come, first-served basis. No less than the Constitution provides a textually demonstrable constitutional commitment of the issue of import quotas to a coordinate political department:

## ARTICLE VI

### The Legislative Department

x x x x

Section 28. . . .

(2) The Congress may, by law, authorize the President to fix within specified limits, and subject to such limitations and restrictions as it may impose, tariff rates, *import and export quotas*, tonnage and wharfage dues, and other duties or imposts within the framework of the national development program of the Government.<sup>72</sup> (Emphasis supplied)

This provision had been the subject of a previous controversy before this Court. In the 2005 case of *Southern Cross Cement Corp. v. Cement Manufacturers Association of the Phils.*,<sup>73</sup> this Court emphasized the inherent power of the legislature over the subject matter of import quotas of foreign goods:

(1) **It is Congress which authorizes the President to impose tariff rates, import and export quotas, tonnage and wharfage dues, and other duties or imports.** Thus, the authority cannot come from the Finance Department, the National Economic Development Authority, or the World Trade Organization, no matter how insistent or persistent these bodies may be.

(2) **The authorization granted to the President must be embodied in a law.** Hence, the justification cannot be supplied simply by inherent executive powers. It cannot arise from administrative or executive orders promulgated by the executive branch or from the wisdom or whim of the President.

(3) **The authorization to the President can be exercised only within the specified limits set in the law and is further subject to limitations and restrictions which Congress may impose.** Consequently, if Congress specifies that the tariff rates should not exceed a given amount, the President cannot impose a tariff rate that exceeds such amount. If Congress stipulates that no duties may be imposed on the importation of corn, the President cannot impose duties on corn, no matter how actively the local corn producers lobby the President. Even the most picayune of limits or restrictions imposed by Congress must be observed by the President.

<sup>72</sup> CONST., art. VI., sec. 28, par. 2. (Emphasis supplied)

<sup>73</sup> 503 Phil. 485 (2005) [Per J. Tinga, *En Banc*].

There is one fundamental principle that animates these constitutional postulates. **These impositions under Section 28(2), Article VI fall within the realm of the power of taxation, a power which is within the sole province of the legislature under the Constitution. Without Section 28(2), Article VI, the executive branch has no authority to impose tariffs and other similar tax levies involving the importation of foreign good x x x.** The constitutional provision shields such delegation from constitutional infirmity, and should be recognized as an exceptional grant of legislative power to the President, rather than the affirmation of an inherent executive power.<sup>74</sup> (Emphasis in the original)

Needless to say, it is not within the province of this Court to accord rights—such rights must be clearly provided by Congress, and proven to apply to the claimant.

Presidential Decree No. 4, later amended by Presidential Decree Nos. 699 and 1485, created the National Grains Authority, predecessor of the NFA<sup>75</sup> which was authorized to establish rules and regulations on the importation of rice, and to license, impose, and collect fees and charges for said importation.

The enactment of Republic Act No. 8178 on March 28, 1996 provided a regime of quantitative restriction for rice imports despite the mandatory tariffication of other agricultural products:

*Section 2. Declaration of Policy.* — It is the policy of the State to make the country's agricultural sector viable, efficient and globally competitive. The State adopts the use of tariffs in lieu of non-tariff import restrictions to protect local producers of agricultural products, *except in the case of rice, which will continue to have quantitative import restrictions.* (Emphasis supplied)

Further, Republic Act No. 8178 expanded the powers of the NFA to include the establishment of rules for licensing, importing and collection of fees and charges for rice importation:

*Sec. 6(a) Powers.* —

(xii) To establish rules and regulations governing the importation of rice and to license, impose and collect fees and charges for said importation for the purpose of equalizing the selling price of such imported rice with normal prevailing domestic prices.

In the exercise of this power, the Council after consultation with the Office of the President shall first certify to a shortage of rice that may occur as a result of a short-fall in production, a critical demand-supply gap, a state of calamity or other verified reasons that may warrant the need for importation: *Provided*, that this requirement shall not apply to the importation of rice

<sup>74</sup> *Id.* at 527.

<sup>75</sup> Reconstituted pursuant to Presidential Decree No. 1770, January 14, 1981.

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equivalent to the Minimum Access Volume obligation of the Philippines under the WTO. The Authority shall undertake direct importation of rice or it may allocate import quotas among certified and licensed importers, and the distribution thereof through cooperatives and other marketing channels, at prices to be determined by the Council regardless of existing floor prices and the subsidy thereof, if any, shall be borne by the National Government.

A review of Republic Act No. 8178, enacted after the Philippines' concession to the WTO Agreement, reveals that it does not contain any sunset clause to indicate that the effectivity of the quantitative restrictions on rice were contingent on external events outside the scope of the text of the law, i.e., the grant or denial by the WTO of the Philippines' requests for special treatment. To hold the contrary—that an expiry date on the effectivity of laws may be based on external, global events—would produce a significant amount of instability to the State.

It was on the basis of this authority that the NFA issued the subject 2013 NFA Rice Importation Guidelines, which provided that all interested NFA-licensed importers may apply to import by submitting the enumerated company documents, obtaining a Certificate of Eligibility, payment of duties/tariffs, obtaining a Notice of Allocation, submitting the enumerated shipment documents, and ultimately obtaining the Import Permit on a per bill of lading basis.

Given legal foundations behind the NFA's requirements, this Court would be hard-pressed to declare the existence of a clear and unmistakable right to import rice regardless of adherence to the guidelines set by the NFA, which acted according to its mandate.

To be clear, in upholding the requirement of having an import license permit, as supported by Republic Act No. 8178, this Court is in no way intending to violate our obligations under the doctrine of *pacta sunt servanda* which mandates that “international agreements must be performed in good faith.”<sup>76</sup> As Associate Justice Maria Filomena D. Singh astutely stated—in ruling that the NFA had such authority, this Court does not seek to embarrass the Philippines in the international stage. Rather, it must reframe its perspective as a domestic court, resolving domestic issues, taking into consideration the country's international commitments.<sup>77</sup>

Associate Justice Amy C. Lazaro-Javier emphasized that the President's power in dealing with international relations is plenary in the sense

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<sup>76</sup> *Manila International Airport Authority v. Commission on Audit*, 865 Phil. 526, 567 (2019) [Per C.J. Bersamin, *En Banc*].

<sup>77</sup> See Opinion of Associate Justice Maria Filomena D. Singh in *Alcala v. Jurado and Carpio*, April 18, 2023, p. 15.



that only express limitations circumscribe this power.<sup>78</sup> To cite the recent case of *Esmero v. Duterte*.<sup>79</sup>

*As the sole organ of our foreign relations and the constitutionally assigned chief architect of our foreign policy, the President is vested with the exclusive power to conduct and manage the country's interface with other states and governments. Being the principal representative of the Philippines, the Chief Executive speaks and listens for the nation; initiates, maintains, and develops diplomatic relations with other states and governments; negotiates and enters into international agreements; promotes trade, investments, tourism and other economic relations; and settles international disputes with other states.*<sup>80</sup> (Emphasis supplied and citation omitted)

We cannot overlook the fact that negotiations were initiated by the Executive branch *before* the lapse of the second concession and were pending approval during the same period. As Justice Lazaro-Javier further remarked, the injunctive orders issued by Judge Carpio and Judge Jurado were clearly out-of-step with the legal doctrine that textually commits foreign relations exclusively to the President and his or her subalterns.<sup>81</sup>

Between the power of the executive department to negotiate with the WTO as they deem fit, and the power of the judicial department to affirm the existence of rights based on the WTO instruments, there is no reason in this case to unduly aggrandize the latter, and in effect, diminish the former.

In any case, the WTO Agreement itself provides justification for the executive's course of action in maintaining status quo while awaiting the decision on their request for a third concession, *a request which was made before the lapse of the second concession*. For example, consideration given by the WTO Agreement to developing companies has already been the subject of discourse by this Court, which, in the case of *Tañada v. Angara*,<sup>82</sup> cited the practice of "decision-making by consensus"<sup>83</sup> in the WTO Agreement and the availability of waivers for obligations under Article IX, Sections 1 and 3 thereof. As discussed by this Court:

Upon the other hand, respondents maintain that the WTO itself has *some built-in advantages to protect weak and developing economies, which comprise the vast majority of its members*. Unlike in the UN where major states have permanent seats and veto powers in the Security Council, in the WTO, decisions are made on the basis of sovereign equality, with each

<sup>78</sup> See Opinion of Associate Justice Amy C. Lazaro-Javier in *Alcala v. Jurado and Carpio*, April 18, 2023, p. 5.

<sup>79</sup> G.R. No. 256288, July 29, 2021 [Per J. Zalameda, *En Banc*].

<sup>80</sup> *Id.*

<sup>81</sup> See Opinion of Associate Justice Amy C. Lazaro-Javier in *Alcala v. Jurado and Carpio*, April 18, 2023, p. 11.

<sup>82</sup> 338 Phil. 546 (1997).

<sup>83</sup> See Marrakesh Agreement Establishing the World Trade Organization or "WTO Agreement", available at [https://www.wto.org/english/docs\\_e/legal\\_e/04-wto\\_e.htm](https://www.wto.org/english/docs_e/legal_e/04-wto_e.htm) (last accessed on September 19, 2022).

member's vote equal in weight to that of any other. There is no WTO equivalent of the UN Security Council.

“WTO decides by consensus whenever possible, otherwise, decisions of the Ministerial Conference and the General Council shall be taken by the majority of the votes cast, except in cases of interpretation of the Agreement or waiver of the obligation of a member which would require three fourths vote. Amendments would require two thirds vote in general. Amendments to MFN provisions and the Amendments provision will require assent of all members. Any member may withdraw from the Agreement upon the expiration of six months from the date of notice of withdrawals.”

Hence, poor countries can protect their common interests more effectively through the WTO than through one-on-one negotiations with developed countries. Within the WTO, developing countries can form powerful blocs to push their economic agenda more decisively than outside the Organization. This is not merely a matter of practical alliances but a negotiating strategy rooted in law. *Thus, the basic principles underlying the WTO Agreement recognize the need of developing countries like the Philippines to “share in the growth in international trade commensurate with the needs of their economic development.”* These basic principles are found in the preamble of the WTO Agreement as follows:

The Parties to this Agreement,

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so *in a manner consistent with their respective needs and concerns at different levels of economic development,*

Recognizing further that there is need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a *share in the growth in international trade commensurate with the needs of their economic development.*<sup>84</sup> (Emphasis supplied and citation omitted)

In said case, this Court proceeded to enumerate examples of the built-in mechanisms in the WTO that protect developing countries with regard to tariff reductions, domestic subsidies, export subsidies, and unfair foreign competition by member states, thus:

<sup>84</sup> *Tañada v. Angara, supra* note 82, at 585-586.



*Specific WTO Provisos Protect Developing Countries*

So too, the Solicitor General points out that pursuant to and consistent with the foregoing basic principles, the WTO Agreement grants developing *countries a more lenient treatment, giving their domestic industries some protection from the rush of foreign competition*. Thus, with respect to tariffs in general, preferential treatment is given to developing countries in terms of the amount of tariff reduction and the period within which the reduction is to be spread out. Specifically, GATT requires an average tariff reduction rate of 36% for *developed countries* to be effected within a period of six (6) years while *developing countries* — including the Philippines — are required to effect an average tariff reduction of only 24% within ten (10) years.

In respect to *domestic* subsidy, GATT requires *developed countries* to reduce domestic support to agricultural products by 20% over six (6) years, as compared to only 13% for *developing* countries to be effected within ten (10) years.

In regard to export subsidy for agricultural products, GATT requires *developed countries* to reduce their budgetary outlays for export subsidy by 36% and export volumes receiving export subsidy by 21% within a period of six (6) years. For *developing countries*, however, the reduction rate is only two-thirds of that prescribed for developed countries and a longer period of ten (10) years within which to effect such reduction.

Moreover, GATT itself has provided built-in protection from unfair foreign competition and trade practices including anti-dumping measures, countervailing measures and safeguards against import surges. Where local businesses are jeopardized by unfair foreign competition, the Philippines can avail of these measures. There is hardly therefore any basis for the statement that under the WTO, local industries and enterprises will all be wiped out and that Filipinos will be deprived of control of the economy. *Quite the contrary, the weaker situations of developing nations like the Philippines have been taken into account[.]*<sup>85</sup> (Emphasis supplied)

In the same way that the WTO provides assurances to developing countries in the aspects of tariff reductions, domestic subsidies, export subsidies, and unfair foreign competition, there are special considerations with regard to the rules on market access,<sup>86</sup> which is the pertinent issue in this case. The Agreement on Agriculture provides the following general rule and exception with regard to market access:

Part III. Article 4. Market Access

1. Market access concessions contained in Schedules relate to bindings and reductions of tariffs, and to other market access commitments as specified therein.

<sup>85</sup> *Id.* at 587–588.

<sup>86</sup> Market access for goods in the WTO means *the conditions, tariff and non-tariff measures, agreed by members for the entry of specific goods into their markets*. Tariff commitments for goods are set out in each member's schedules of concessions on goods, available at [https://www.wto.org/english/tratop\\_e/markacc\\_e/markacc\\_e.htm#:~:text=Market%20access%20for%20goods%20in,schedules%20of%20concessions%20on%20goods](https://www.wto.org/english/tratop_e/markacc_e/markacc_e.htm#:~:text=Market%20access%20for%20goods%20in,schedules%20of%20concessions%20on%20goods). (last accessed on September 19, 2022) (Emphasis supplied)

2. Members shall not maintain, resort to, or revert to any measures of the kind which have been required to be converted into ordinary customs duties, **except** as otherwise provided for in Article 5 and Annex 5.<sup>87</sup>

The second paragraph recognizes instances where market access may be increased, effectively restricting the importation of certain goods, and refers to Annex 5 of the same document. The relevant Section under Annex 5, in turn, explicitly provides an exception for agricultural products which are considered as a predominant staple in the traditional diet in developing countries, following certain conditions as stated. We reproduce the Section extensively in order to demonstrate the complex and collegial nature of the negotiations and decision-making processes which result in the grant of a special treatment:

#### Section B

7. The provisions of paragraph 2 of Article 4 **shall also not apply with effect from the entry into force of the WTO Agreement to a primary agricultural product that is the predominant staple in the traditional diet of a developing country Member** and in respect of which the following conditions, in addition to those specified in paragraph 1(a) through 1(d), as they apply to the products concerned, are complied with:

x x x x

8. **Any negotiation on the question of whether there can be a continuation of the special treatment** as set out in paragraph 7 after the end of the 10th year following the beginning of the implementation period **shall be initiated and completed within the time-frame of the 10th year itself following the beginning of the implementation period.**

9. If it is agreed as a result of the negotiation referred to in paragraph 8 that a Member may continue to apply the special treatment, such Member shall confer additional and acceptable concessions as determined in that negotiation.

10. In the event that special treatment under paragraph 7 is not to be continued beyond the 10th year following the beginning of the implementation period, the products concerned shall be subject to ordinary customs duties, established on the basis of a tariff equivalent to be calculated in accordance with the guidelines prescribed in the attachment hereto, which shall be bound in the Schedule of the Member concerned. In other respects, the provisions of paragraph 6 shall apply as modified by the relevant special and differential treatment accorded to developing country Members under this Agreement.<sup>88</sup> (Emphasis in the original)

Paragraph 8 of Annex 5, Section B in the provision quoted above mentions a timeline for the initiation and completion for negotiations regarding the special agreement. It bears noting, however, that when the

<sup>87</sup> World Trade Organization, available at [https://www.wto.org/english/docs\\_e/legal\\_e/14-ag\\_01\\_e.htm#fnt-1](https://www.wto.org/english/docs_e/legal_e/14-ag_01_e.htm#fnt-1). (last accessed on September 19, 2022)

<sup>88</sup> *Id.*

Philippines was granted an extension of seven years, or until 2012, it was also bound by the provisions of the Extension Agreement which stated that “any continuation of special treatment for rice shall be contingent on the outcome of the Doha Development Agenda (DDA).”<sup>89</sup> As it turned out, however, the Doha Development Agenda negotiations were not completed before June 30, 2012. The Philippines’ concurrence to the seven-year extension was likewise premised on the understanding that the outcome of the Doha Development Agenda negotiations would provide an alternative special mechanism that would cushion any negative impacts of liberalization on rice on its food and livelihood security.<sup>90</sup> This prompted the Philippines to submit a request to the WTO Council on Trade in Goods for the continuation of its special treatment for rice<sup>91</sup> and to continue its talks with the other countries to support its request for a waiver, resulting in the eventual Decision on Waiver Relating to Special Treatment for Rice of the Philippines,<sup>92</sup> allowing a third concession until June 30, 2017.<sup>93</sup>

Certainly, the simplistic approach by private respondents to the Philippines’ relationship with the WTO and its member countries was a disregard of the complexities and intricacies that accompany trade and international relations.

As aptly observed by Senior Associate Justice Marvic M. V. F. Leonen, the WTO, its Agreement on Agriculture and its Annexes, do not provide unilateral fines or penalties to be meted out by the WTO or other member countries for any derogation therefrom.

Further, the WTO follows a dispute settlement mechanism, as detailed in Annex 2 of the WTO Agreement for<sup>94</sup> the Dispute Settlement Understanding which covers disputes concerning the violation of trade rules, i.e., “situations in which a Member considers that any benefits accruing to it directly or indirectly under the covered agreements are being impaired by measures taken by another Member[.]”<sup>95</sup> The Dispute Settlement Understanding provides for a supranational dispute settlement mechanism, under which Member-States are the interested parties precisely because the disputes pertain to official actions by other Member-States that detract from their undertakings under the WTO Agreement and related instruments. The WTO itself gives an overview of this framework in this manner:

Dispute settlement is the central pillar of the multilateral trading system, and the WTO’s unique contribution to the stability of the global

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<sup>89</sup> *Rollo* (G.R. No. 211146), p. 264.

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

<sup>92</sup> *Id.* at 1203–1206.

<sup>93</sup> *Id.*

<sup>94</sup> World Trade Organization, *available at* [https://www.wto.org/english/tratop\\_e/dispu\\_e/dsu\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/dsu_e.htm) (last accessed on September 19, 2022).

<sup>95</sup> Dispute Settlement Understanding, art. III(3).

economy. Without a means of settling disputes, the rules-based system would be less effective because the rules could not be enforced. The WTO's procedure underscores the rule of law, and it makes the trading system more secure and predictable. The system is based on clearly-defined rules, with timetables for completing a case. First rulings are made by a panel and endorsed (or rejected) by the WTO's full membership. Appeals based on points of law are possible.

*However, the point is not to pass judgement. The priority is to settle disputes, through consultations if possible. By January 2008, only about 136 of the nearly 369 cases had reached the full panel process. Most of the rest have either been notified as settled "out of court" or remain in a prolonged consultation phase — some since 1995.*

.....

Although much of the procedure does resemble a court or tribunal, the preferred solution is for the countries concerned to discuss their problems and settle the dispute by themselves. *The first stage is therefore consultations between the governments concerned, and even when the case has progressed to other stages, consultation and mediation are still always possible.*<sup>96</sup> (Emphasis supplied)

It can be gleaned from above that the trade rules provided in the WTO Agreement are highly contextualized, qualified, and consultative. This is further compounded by the inherent dynamic nature of trade agreements, ever evolving according to multifarious factors such as geopolitics, local productivity, exchange rates, inflation, and demand. When understood in this context, private respondents' brazen act of importation without a permit during the gap of the second concession's expiry and the grant for the third concession was clearly a gamble that they made at their own risk.

It is likewise important to understand the key principles<sup>97</sup> of the WTO which specifically include "support for less developed countries" in the recognition that over three-quarters of WTO members are developing economies or in transition to market economies.<sup>98</sup>

#### *Not an unqualified property right*

Private respondents assert that by virtue of their ownership of the subject rice shipments, they have a clear legal right to the injunctive relief.

Assailing this, petitioners highlight the fact that the bills of lading were in the name of Starcraft instead of Ngo in Civil Case No. 35,354-2013; whereas in Civil Case No. CV-14-131261, the bills are named under Bold

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<sup>96</sup> World Trade Organization, *available at* [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/disp1\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/disp1_e.htm) (last accessed on September 19, 2022).

<sup>97</sup> World Trade Organization, *available at* [https://www.wto.org/english/thewto\\_e/whatis\\_e/what\\_stand\\_for\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/what_stand_for_e.htm) (last accessed on September 19, 2022).

<sup>98</sup> *Id.*

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Bidder Marketing and General Merchandising instead of Galang. Both sets of bills are marked “non-negotiable.”

We clarify this point. A bill of lading operates both as a receipt, reciting the details of the goods shipped; and as a contract, naming the contracting parties, including the consignee, and fixing the rights and obligations assumed.<sup>99</sup> It operates as an agreement to transport and deliver the goods at a specified place to a person named or on his or her order.<sup>100</sup> As such, it is merely a convenient commercial instrument designed to protect the importer or consignee.<sup>101</sup>

The non-negotiability of the bills of lading is material only for purposes of identifying to whom the shipper will release the cargo. It becomes relevant particularly in instances of multiple claimants of the shipments. In no way does it preclude the consignee from transferring ownership over the shipments, even prior to delivery, as Ngo and Starcraft did pursuant to their Agreement, and as Galang and Souza likewise transacted. In resolving ownership, non-negotiability of a bill of lading does not defeat private respondents’ rights.

In this case, the Agreement in Civil Case No. 35,354-2013 pertains to a sale by Starcraft and purchase by Ngo of rice shipments. Pursuant to Article 4 therein, “[t]itle to the Goods shall be transferred from the Seller to the Buyer upon payment of the down payment for the Goods on a per sales order/shipment basis.” Meanwhile, Article 5 therein indicates that, while Starcraft is authorized to process the release of the shipments from the BOC, Ngo, as the owner, is not precluded from taking initiative in the manner he deems appropriate to secure such release. Undisputed from the records of Civil Case No. 35,354-2013 are Ngo’s testimony and exhibits<sup>102</sup> showing that he had already paid for the rice shipments, prompting the transfer of title to him.

Nevertheless, while the private respondents may have established their ownership, such right remains subject to the limitations of public law or, in the private sphere, the rights of other individuals. Time and again, we have pronounced that the right to property has a social dimension, allowing the State to step in for general welfare. This was eloquently explained by this Court in *Southern Luzon Drug Corporation v. The Department of Social Welfare and Development*<sup>103</sup> concerning State-mandated senior citizen discounts:

<sup>99</sup> *Phoenix Assurance Co., Ltd. v. United States Lines*, 130 Phil. 698, 702 (1968) [Per J. J.P. Bengzon].

<sup>100</sup> *Philam Insurance Co., Inc. v. Heung-A Shipping Corp., et al.*, 739 Phil. 450, 470 (2014) [Per J. Reyes, First Division].

<sup>101</sup> *Macondray and Co., Inc. v. Acting Commissioner of Customs*, 159 Phil. 484, 490 (1975) [Per J. Esguerra, First Division].

<sup>102</sup> *Rollo* (G.R. No. 211146), pp. 618–619.

<sup>103</sup> 809 Phil. 315 (2017) [Per J. Reyes, *En Banc*].

The law is a legitimate exercise of police power which, similar to the power of eminent domain, has general welfare for its object. Police power is not capable of an exact definition, but has been purposely veiled in general terms to underscore its comprehensiveness to meet all exigencies and provide enough room for an efficient and flexible response to conditions and circumstances, thus assuring the greatest benefits. Accordingly, it has been described as “the most essential, insistent and the least limitable of powers, extending as it does to all the great public needs.” It is “[t]he power vested in the legislature by the constitution to make, ordain, and establish all manner of wholesome and reasonable laws, statutes, and ordinances, either with penalties or without, not repugnant to the constitution, as they shall judge to be for the good and welfare of the commonwealth, and of the subjects of the same.”

*For this reason, when the conditions so demand as determined by the legislature, property rights must bow to the primacy of police power because property rights, though sheltered by due process, must yield to general welfare.*

X X X X

*Moreover, the right to property has a social dimension.* While Article XIII of the Constitution provides the precept for the protection of property, various laws and jurisprudence, particularly on agrarian reform and the regulation of contracts and public utilities, continuously serve as a reminder that the right to property can be relinquished upon the command of the State for the promotion of public good.

Undeniably, the success of the senior citizens program rests largely on the support imparted by petitioners and the other private establishments concerned. This being the case, the means employed in invoking the active participation of the private sector, in order to achieve the purpose or objective of the law, is reasonably and directly related. Without sufficient proof that Section 4(a) of R.A. No. 9257 is arbitrary, and that the continued implementation of the same would be unconscionably detrimental to petitioners, the Court will refrain from quashing a legislative act.<sup>104</sup> (Emphasis supplied)

The policy goals as stated in Presidential Decree No. 4, and subsequently, Republic Act 8178, refer to the promotion of the integrated growth and development of the grains industry, for the end of continuous food supply to the nation.<sup>105</sup> The actions of the District Collectors under the BOC therefore cannot be impeded as these were well aligned with the mandate of the NFA, pursuant to Presidential Decree No. 4, Republic Act No. 8178.

*Not a fundamental right*

<sup>104</sup> *Id.* at 327–328, citing *Carlos Superdrug Corporation v. Department of Social Welfare and Development*, 553 Phil. 120 (2007) [Per J. Azcuna, *En Banc*].

<sup>105</sup> Presidential Decree No. 4 as Amended by Presidential Decree Nos. 699 and 1485, Proclaiming the Creation of the National Grains Authority and Providing Funds Therefor, *available at* <https://nfa.gov.ph/images/files/archive/PD-04.pdf> (last accessed on September 19, 2022).

Fundamental rights are those that serve as a pre-requisite for the exercise of other rights. A perusal of the United Nations Universal Declaration of Human Rights would reveal that such determined fundamental rights refer to those that edify the dignity and worth of the human person. Basic examples for this include the right to life, liberty, and security of the person, as well as the right to be free from slavery or the right to be free from cruel punishment. Certainly, the importation of rice does not fall within this classification requiring a higher degree of protection from government encroachment.

Thus, where the right asserted by a plaintiff in an injunction complaint is doubtful or disputed, a preliminary injunction is not proper.<sup>106</sup> With the failure of Ngo and Galang to establish a right in *esse*, it becomes clear that they are not entitled to a writ of preliminary injunction.

*II. The respondent judges acted with grave abuse of discretion*

In the issuance of writs of preliminary injunction, jurisprudence provides the threshold of grave abuse of discretion:

Grave abuse of discretion in the issuance of writs of preliminary injunction implies a capricious and whimsical exercise of judgment that is equivalent to lack of jurisdiction, or where the power is exercised in an arbitrary or despotic manner by reason of passion, prejudice or personal aversion amounting to an evasion of positive duty or to a virtual refusal to perform the duty enjoined, or to act at all in contemplation of law.<sup>107</sup> (Citation omitted)

Utmost prudence is required in the issuance of a writ of preliminary injunction. As established by this Court, the issuance of a writ of preliminary injunction is considered an “extraordinary event,” being a “strong arm of equity or a transcendent remedy.”<sup>108</sup> Thus, the power to issue the writ “should be exercised sparingly, with utmost care, and with great caution and deliberation.”<sup>109</sup> The failure to observe these safeguards constitutes grave abuse of discretion.

In light of the nature of the case, public respondents gravely abused their discretion by relying solely on Ngo and Galang’s proof of ownership over the shipments. It is difficult to overlook how public respondents issued these assailed orders *in the face of subsisting laws and regulations*:

<sup>106</sup> *Sps. Nisce v. Equitable PCI Bank, Inc.*, 545 Phil. 138, 160 (2007) [Per J. Callejo, Sr., Third Division].

<sup>107</sup> *Cahambing v. Espinosa, et al.*, 804 Phil. 412, 421 (2017) [Per J. Peralta, Second Division].

<sup>108</sup> *Evy Construction and Dev’t. Corp. v. Valiant Roll Forming Sales Corp.*, 820 Phil. 123, 135 (2017) [Per J. Leonen, Third Division].

<sup>109</sup> *Id.*

- 1) Primarily, Article VI of the Constitution which assigns the subject matter of import quotas to the Legislative Department;
- 2) Republic Act No. 8178 which was still in effect at that time;
- 3) The NFA 2013 Guidelines for the Importation of Rice which the District Collectors in this case abided by.

While this begs the counter-argument that the WTO's free-trade policies should have reigned, it is reasonable to expect public respondents to have considered the following legal principles involved in Ngo and Galang's complaint:

- 1) The political nature of the issue of the rice importation regimes in the Philippines, especially with the explicit statements in Ngo and Galang's complaints that "[t]he Philippine government is still appealing to WTO for such extension of the Special Treatment for rice[.]"<sup>110</sup>
- 2) The established doctrine that the President is the sole organ of our foreign relations and the constitutionally assigned chief architect of our foreign policy.<sup>111</sup>
- 3) The presumption of regularity in the district collectors' performance of official duties. This principle is stated in jurisprudence as "an aid to the effective and unhampered administration of government functions. Without such benefit, every official action could be negated with minimal effort from litigants, irrespective of merit or sufficiency of evidence to support such challenge."<sup>112</sup>

In light of the above analysis, there being no clear and unmistakable right *in esse* that was invaded resulting in an irreparable injury, it behooves this Court to **dissolve** the writs of injunction granted by the RTC in Civil Case No. 35,354-2013 and CV-14-131261. We reiterate *Olalia v. Hizon*<sup>113</sup> with regard to the issuance of preliminary injunctions:

It has been consistently held that there is no power the exercise of which is more delicate, which requires greater caution, deliberation and sound discretion, or more dangerous in a doubtful case, than the issuance of an injunction. It is the strong arm of equity that should never be extended unless to cases of great injury, where courts of law cannot afford an adequate or commensurate remedy in damages.

Every court should remember that an injunction is a limitation upon the freedom of action of the defendant and should not be granted lightly or precipitately. It should be granted only when the court is fully satisfied that the law permits it and the emergency demands it.<sup>114</sup>

<sup>110</sup> *Rollo* (G.R. No. 211146), p. 301.

<sup>111</sup> *Esmero v. Duterte*, G.R. No. 256288, July 29, 2021 [Per J. Zalameda, *En Banc*].

<sup>112</sup> *Yap v. Lagtapon*, 803 Phil. 652 (2017) [Per J. Caguioa, First Division].

<sup>113</sup> 274 Phil. 66 (1991) [Per J. Cruz, First Division].

<sup>114</sup> *Id.* at 75.




**ACCORDINGLY**, the Petitions for *Certiorari* in both G.R. Nos. 211146 and 211375 are hereby **GRANTED**. This Court **REVERSES**:


1. The December 12, 2013 and December 13, 2013 Orders, as well as the December 13, 2013 Writ of Preliminary Injunction issued by respondent Judge Emmanuel C. Carpio in Civil Case No. 35,354-2013; and
2. The January 23, 2014 and February 27, 2014 Orders, the February 28, 2014 Amended Order, and the January 24, 2014 Writ of Preliminary Injunction issued by respondent Judge Cicero D. Jurado, Jr. in Civil Case No. CV-14-131261.


Consequently, the Writ of Preliminary Injunction issued in favor of Danilo G. Galang and Joseph Mangupag Nge in Civil Case No. CV-14-131261 and Civil Case No. 35,354-2013, respectively, are **DISSOLVED**.

**SO ORDERED.**


  
**JOSEPH V. LOPEZ**  
 Associate Justice

**WE CONCUR:**


*Agreement*  
  
**ALEXANDER G. GESMUNDO**  
 Chief Justice

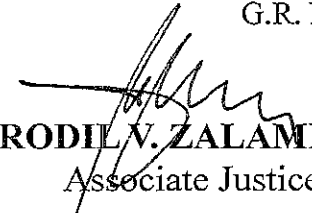
*See concurring opinion*  
  
**MARVIC M.V.F. LEONEN**  
 Senior Associate Justice

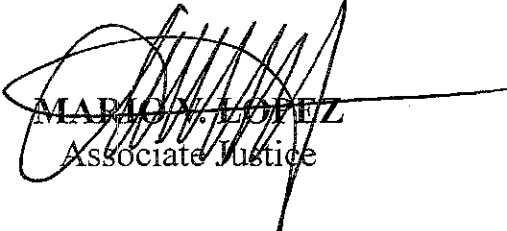
*See Dissent*  
  
**ALFREDO BENJAMINS CAGUIOA**  
 Associate Justice


*Pls. see Concurring*  
  
**RAMON PAUL L. HERNANDO**  
 Associate Justice

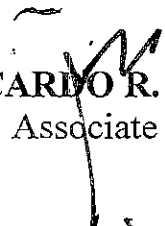
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**AMY C. LAZARO-JAVIER**  
 Associate Justice

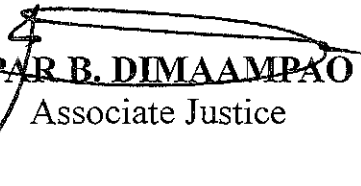
  
**HENRI JEAN PAUL B. INTING**  
Associate Justice

  
**RODIL V. ZALAMEDA**  
Associate Justice

  
**MARION N. LOPEZ**  
Associate Justice

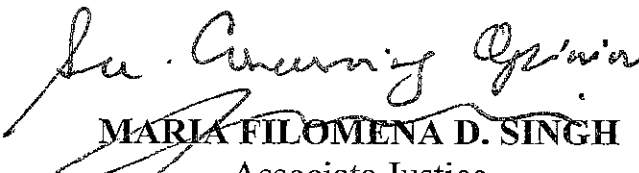
  
**SAMUEL H. GAERLAN**  
Associate Justice

  
**RICARDO R. ROSARIO**  
Associate Justice

  
**JAPAR B. DIMAAMPAO**  
Associate Justice


  
**JOSE MIDAS P. MARQUEZ**  
Associate Justice

  
**ANTONIO T. KHO, JR.**  
Associate Justice

  
**MARIA FILOMENA D. SINGH**  
Associate Justice

**CERTIFICATION**

I certify that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's En Banc.

  
**ALEXANDER G. GESMUNDO**  
Chief Justice