Republic of the Philippines
Supreme Court
Manila

**SECOND DIVISION**

| | |
|---|---|
| **SUGAR REGULATORY ADMINISTRATION,** | **G.R. No. 253821** |
| Petitioner, | Present: |
| – versus – | LEONEN, *S.A.J., Chairperson*,<br>LAZARO-JAVIER,<br>LOPEZ, M.,<br>LOPEZ, J., and |
| **CENTRAL AZUCARERA DE BAIS, INC.,*** | KHO, JR., *JJ.* |
| Respondent. | Promulgated: |
| | MAR 06 2023 |

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

# D E C I S I O N

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

The delineation between a pure question of law and a factual issue in relation to the appropriate remedies available to the aggrieved party are the core issues in this Petition for Review on *Certiorari*[1] assailing the Resolutions dated February 26, 2020[2] and September 3, 2020[3] of the Court of Appeals (CA) in CA-G.R. SP No. 160975.

## ANTECEDENTS

In 2017 and 2018, the Sugar Regulatory Administration (SRA) issued Sugar Order Nos. 1,[4] 1-A,[5] and 3,[6] Series of 2017-2018 which allocated

---

* "Central Azucarera De Bais" in some parts of the *rollo*.

1 *Rollo*, pp. 11-33.

2 *Id.* at 41-44. Penned by Associate Justice Gabriel T. Robeniol, with the concurrence of Associate Justices Edwin D. Sorongon and Tita Marilyn B. Payoyo-Villordon.

3 *Id.* at 46-47.

4 Entitled "SUGAR POLICY FOR CROP YEAR 2017-2018," dated August 31, 2017; see *id.* at 15 and 52.

5 Entitled "AMENDING SUGAR ORDER NO. 1, SERIES OF 2017-2018 RE: SUGAR POLICY FOR CROP YEAR 2017-2018," dated January 25, 2018; see *id.*

6 Entitled "MAKING AVAILABLE THE 'D' OR WORLD MARKET SUGAR FOR CBW/FOOD PROCESSORS/MANUFACTURERS OF SUGAR BASED PRODUCTS FOR EXPORT AND ACCREDITED ETHANOL PRODUCERS," dated January 11, 2013; see *id.*

Class "D" world market sugar to accredited Class "F" ethanol producers. Thereafter, Central Azucarera De Bais, Inc. (Central Azucarera) filed a Petition for Declaratory Relief[7] questioning the legality of the SRA's Orders before the Regional Trial Court of Makati City, Branch 57 (RTC) docketed as R-MKT-18-00616-SP. Allegedly, the Orders are *ultra vires* or beyond the SRA's authority under the law. On the other hand, the SRA claimed that the Orders are valid because it has delegated authority[8] to regulate all types of sugars including those used to manufacture ethanol. Moreover, the SRA argued that Central Azucarera is not a real party-in-interest. Lastly, the case is already moot after the SRA issued Sugar Order No. 1-B, Series of 2017-2018,[9] which removed the allocation in favor of ethanol producers.[10]

On August 23, 2018, Central Azucarera moved for summary judgment after the parties agreed in the course of the proceedings that the case involved no factual issues. The SRA opposed the motion and pointed out factual questions delving on whether it can regulate different types of sugars and whether Sugar Order No. 1-B removed the contested allocation are factual in nature.[11]

In an Order[12] dated January 24, 2019, the RTC declared null and void Sugar Order Nos. 1, 1-A, and 3, Series of 2017-2018 and explained that ethanol manufacturers are not part of the sugar industry. The regulatory jurisdiction over ethanol producers lies with the Department of Energy (DOE),[13] thus:

> **The Court subscribes to the submission of [Central Azucarera] that ethanol producers are not within the regulatory jurisdiction of the SRA. They are not part of the sugar industry insofar as regulation of the ethanol producers is concerned. It is the [DOE] that is mandated to take appropriate and necessary actions to implement the provisions of the Bio-Fuels Act of 2006.**
>
> That [Executive Order (EO)] No. 18 created the SRA to promote the growth and development of the sugar industry – not any other industry such as the ethanol industry x x x Ethanol producers are not even subject to the monitoring functions of the SRA[.]
>
> That raw sugar which the SRA is mandated by [EO] No. 18 to allocate to the domestic market, for export to the U.S[.] and to the world market and for reserve, is not a feedstock used for ethanol production[.]
>
> x x x x

---

7 Not attached to the *rollo*.

8 See EO No. 18, Series of 1986 entitled "CREATING A SUGAR REGULATORY ADMINISTRATION" (May 28, 1986).

9 Entitled "Amending Sugar Order No. 1-A, Series of 2017-2018 Re: Sugar Policy for Crop Year 2017-2018," dated March 26, 2018; *rollo*, pp. 104–105.

10 *Id.* at 15–17, 24–27, 41–42, and 49–52.

11 *Id.* at 17 and 49–52.

12 *Id.* at 49–54. Penned by Presiding Judge Honorio E. Guanlao, Jr.

13 *Id.* at 54.

> **The SRA cannot justify the allocation of raw sugar to ethanol producers under its general power to allocate sugar because said allocation does not fall within the ambit of domestic, export or reserve allocation. Ethanol is strictly for local production and consumption – not for export.**
>
> As an administrative agency, the SRA can only promulgate rules and regulations which must be consistent and in harmony with, the provision of law, "and it cannot add or subtract thereto[.]" x x x In the case of SRA Order No. 3, the SRA blatantly and without regard to the rule of law, usurped the power of Congress to grant subsidy to the ethanol industry to the detriment of the sugar producers who under the law are entitled to equal protection under the Constitution.
>
> **All told, x x x there is no way that the SRA allocation of "D" class sugar to ethanol producers can be upheld. Hence, summary judgment in favor of granting the instant petition is proper.**
>
> WHEREFORE, the assailed Orders issued by the Sugar Regulatory Administration, specifically SO Order Nos. 3, 1, and 1-A, which allocate "D" world market sugar to ethanol producers, are hereby declared NULL AND VOID, for being *ultra vires*.
>
> SO ORDERED.[14] (Emphasis supplied)

The SRA sought reconsideration but was denied in an Order[15] dated April 3, 2019. Dissatisfied, the SRA elevated the case to the CA through an appeal[16] docketed as CA-G.R. SP No. 160975. Central Azucarera moved to dismiss the appeal and argued that the proper remedy is a direct recourse to the Court. The Petition for Declaratory Relief and the SRA's Appeal raised purely legal issues. The SRA opposed the motion and maintained that the case involved factual questions delving on whether Central Azucarera is a real party-in-interest and whether the case is already moot given the amendment on the sugar allocation. Meantime, Central Azucarera moved to defer the submission of appeal memorandum pending resolution of its motion to dismiss.[17]

In a Resolution[18] dated February 26, 2020, the CA dismissed the appeal for being an improper remedy. The CA held that the controversy is purely legal and that the SRA should have filed a petition for review on *certiorari* under Rule 45 of the Rules of Court before the Supreme Court,[19] to wit:

> The present appeal filed under the auspices of Rules 41 and 44 of the Rules of Court is an improper remedy. Even if no motion for the appeal's dismissal is filed, it remains dismissible, **the proper remedy being a Rule 45 petition with the Supreme Court on pure questions of law.**

---

14 *Id.* at 52–54.
15 *Id.* at 56.
16 See Notice of Appeal dated April 22, 2019; *id.* at 58–59.
17 *Id.* at 42–43.
18 *Id.* at 41–44.
19 *Id.* at 43–44.

> **It must be emphasized that [the SRA] admitted by agreement with [Central Azucarera] during the July 24, 2018 hearing that there are no factual issues involved in the case below[.]**
>
> x x x x
>
> Congruently, as questions of fact were renounced before the RTC, [the SRA] should be precluded from raising them in an appeal from the resulting summary judgment. Section 15, Rule 44 of the Rules of Court prohibits a party-litigant from raising any question of law or fact outside those framed by the parties in the court below as this would run counter to the rudiments of justice.
>
> **Under the foregoing context, it is not difficult to discern that [the SRA's] remedy is a petition direct to the Supreme Court under Rule 45 of the Rules of Court.**
>
> WHEREFORE, [Central Azucarera's] Motion to Dismiss Appeal is GRANTED, and the instant appeal is DISMISSED for being an improper remedy. Accordingly, [Central Azucarera's] Motion to Defer Submission of Appellee's Memorandum Pending Resolution of the Motion to Dismiss is DENIED for being moot.
>
> SO ORDERED.[20] (Emphasis supplied)

The SRA sought reconsideration[21] but was denied.[22] Hence, this recourse.[23] The SRA insists that the questions raised on appeal before the CA are factual in nature. The matter of legal standing and the concept of real party-in-interest as well as the supposed mootness of the petition for declaratory relief require the presentation and examination of evidence.[24] In contrast, Central Azucarera maintains[25] that the case before the RTC involved pure questions of law and does not hinge upon factual proof. The correct remedy to assail the RTC's ruling is a petition for review on *certiorari* before the Court and not an appeal to the CA. Thus, the SRA's failure to avail the proper remedy within the reglementary period rendered the RTC ruling final and executory.[26]

## RULING

The Petition is unmeritorious.

---

20 *Id.*
21 See Motion for Reconsideration dated June 23, 2020; *id.* at 60–67.
22 *Id.* at 46–47.
23 See Petition for Review on *Certiorari* dated October 20, 2020; *id.* at 11–33.
24 *Id.* at 20–32.
25 See Comment dated April 4, 2021; *id.* at 118–142.
26 *Id.* at 126–142.

Under the Rules of Court, there are three modes of appeal from RTC decisions. The first mode is through an ordinary appeal before the CA under Rule 41 where the decision assailed was rendered in the exercise of the RTC's original jurisdiction. In ordinary appeals, questions of fact or mixed questions of fact and law may be raised.[27] The second mode is through a petition for review before the CA under Rule 42 where the decision assailed was rendered by the RTC in the exercise of its appellate jurisdiction. In petitions for review, questions of fact, law, or mixed questions of fact and law may be raised.[28] The third mode is through an appeal by *certiorari* before this Court under Rule 45 where only questions of law shall be raised,[29] to wit:

> RULE 41
>
> APPEAL FROM THE REGIONAL TRIAL COURTS
>
> x x x x
>
> Section 2. *Modes of appeal.* —
>
> (a) *Ordinary appeal.* — The appeal to the Court of Appeals in cases decided by the Regional Trial Court **in the exercise of its original jurisdiction** shall be taken by filing a notice of appeal with the court which rendered the judgment or final order appealed from and serving a copy thereof upon the adverse party. No record on appeal shall be required except in special proceedings and other cases of multiple or separate appeals where the law or these Rules so require. In such cases, the record on appeal shall be filed and served in like manner.
>
> (b) *Petition for review.* — The appeal to the Court of Appeals in cases decided by the Regional Trial Court **in the exercise of its appellate jurisdiction** shall be by petition for review in accordance with Rule 42.
>
> (c) *Appeal by certiorari.* — **In all cases where only questions of law are raised or involved**, the appeal shall be to the Supreme Court by petition for review on *certiorari* in accordance with Rule 45. (Emphasis supplied)

Corollarily, an improper appeal before the CA is dismissed outright and shall not be referred to the proper court,[30] thus:

> RULE 50
> DISMISSAL OF APPEAL
>
> x x x x
>
> Section 2. *Dismissal of improper appeal to the Court of Appeals.* — **An appeal under Rule 41 taken from the Regional Trial Court to the Court of Appeals raising only questions of law shall be dismissed, issues**

---

27 See Section 2(a), Rule 41 of the Rules of Court.
28 See Section 2(b), Rule 41 of the Rules of Court.
29 See Section 2(c), Rule 41 of the Rules of Court
30 See Section 2, Rule 50 of the Rules of Court.

> **purely of law not being reviewable by said court**. Similarly, an appeal by notice of appeal instead of by petition for review from the appellate judgment of a Regional Trial Court shall be dismissed.
>
> **An appeal erroneously taken to the Court of Appeals shall not be transferred to the appropriate court but shall be dismissed outright.** (Emphasis supplied)

The Court agrees with the CA that the SRA availed of the wrong mode of appeal. A question of law arises when there is doubt as to the applicable law and jurisprudence on a certain set of facts. It must not call for an examination of the probative value of the evidence. On the other hand, a question of fact exists when there is controversy as to the truth or falsity of the alleged facts,[31] *viz.*:

> A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, its resolution must not involve an examination of the probative value of the evidence presented by the litigants, but must rely solely on what the law provides on the given set of facts. If the facts are disputed or if the issues require an examination of the evidence, the question posed is one of fact **The test, therefore, is not the appellation given to the question by the party raising it, but whether the appellate court can resolve the issue without examining or evaluating the evidence, in which case, it is a question of law; otherwise, it is a question of fact.**[32] (Emphasis supplied)

Here, the SRA raised pure questions of law in its appeal. In a petition for declaratory relief, the only issue that may be raised is the construction or validity of the provisions in a statute, deed, or contract.[33] The purpose is to secure an authoritative statement of the rights and obligations of the parties for their guidance in its enforcement or compliance.[34] In this case, Central Azucarera claimed that the SRA has no authority to allocate a class of sugar to ethanol producers. The RTC declared void the allocation and ruled that DOE has regulatory jurisdiction over ethanol producers. The SRA then appealed the RTC's findings to the CA. Verily, the question whether the SRA's Orders are *ultra vires* or beyond its authority is a question of law. This is because jurisdiction of an administrative agency is a matter of law, to wit:

> Jurisdiction over a subject matter is conferred by the Constitution or the law, and rules of procedure yield to substantive law. Otherwise stated, jurisdiction must exist as a matter of law. Only a statute can confer jurisdiction on courts and administrative agencies; rules of procedure cannot.[35]

---

31 *City of Lapu-Lapu v. Philippine Economic Zone Authority*, 748 Phil. 473, 506 (2014) [Per J. Leonen, Second Division].

32 *Far Eastern Surety and Insurance Co., Inc. v. People*, 721 Phil. 760, 767 (2013) [Per J. Brion, Second Division], citing *Heirs of Cabigas v. Limbaco*, 670 Phil. 274, 285 (2011) [Per J. Brion, Second Division].

33 *Ferrer, Jr. v. Roco, Jr.*, 637 Phil. 310, 317 (2010) [Per J. Mendoza, Second Division].

34 *Tambunting, Jr. v. Spouses Sumabat*, 507 Phil. 94, 98 (2005) [Per J. Corona, Third Division].

35 *Fernandez v. Fulgueras*, 636 Phil. 178, 182 (2010) [Per J. Nachura, Second Division]; citations omitted.

More importantly, whether the RTC's conclusion in applying the law on jurisdiction is accurate is also a question of law.[36] Undaunted, the SRA insisted that its appeal before the CA involved factual issues on whether Central Azucarera is a real party-in-interest and whether the case is already moot after the amendment on the sugar allocation. The argument is specious. Contrary to the SRA's theory, whether a litigant is a real party-in-interest is another question of law, thus:

> **Moreover, the trial court declared that the Bank was not the real party-in-interest to institute the action — another question of law.**
>
> In this regard, a reading of the Complaint reveals that the Bank is not actually the real party-in-interest, since Alvin and Francisco were the ones who would stand to be benefitted or injured by the debiting of their respective deposits without their consent, as well as the issuance and subsequent denial of the demand to collect from the supposed spurious FEFCs. In relation to this, Section 2, Rule 3 of the Rules of Court states:
>
> > 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.
>
> The Bank did not comply with the aforementioned provision when it filed the instant Complaint.[37] (Emphasis supplied)

To be sure, the SRA's issue is more geared towards the application of the law on civil procedure and civil law rather than simply identifying specific persons. This legal question does not require an examination of the probative value of the evidence and begs the CA to discuss the legal definition of a real party-in-interest as applied to the undisputed facts, to wit:

> Here, the petition raised questions of law, contrary to respondent's broad assertions, which oversimplified and misunderstood some of the issues raised, such as the question as to who are the real-parties-in-interest. The said question begs us to discuss the legal definitions of "real[-]parties [-]in[-]interest" as applied to the undisputed facts.
>
> To put it simply, some of the questions raised by petitioner are more geared towards the application of the law on civil procedure and civil law rather than simply identifying specific persons, which respondent seems to imply. Such legal questions obviously do not require an examination of the probative value of the evidence presented in order to come up with an answer to them.[38]

---

[36] *Gomez v. Sta. Ines*, 509 Phil. 602, 615 (2005) [Per J. Chico-Nazario, Second Division].

[37] *East West Banking Corporation v. Cruz*, G.R. No. 221641, July 12, 2021, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67660> [Per J. Hernando, Third Division]; citations omitted.

[38] *PNB-Republic Bank v. Sian-Limsiaco*, G.R. No. 196323, February 8, 2021, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67176> [Per J. Hernando, Third Division].

Similarly, the SRA's contention that the case is already moot after Sugar Order No. 1-B removed the contested allocation in Sugar Order Nos. 1, 1-A, and 3 is a pure question of law. Suffice it to say that the issue pertains to the interpretation of the SRA's Orders, which may be resolved without evaluating the parties' evidence. The question whether a statute or administrative regulation repealed another entails the construction of their provisions without considering facts outside the language of the law.[39] Lastly, it bears emphasis that the parties had agreed in the course of the proceedings that the case involved no factual issues. This prompted Central Azucarera to move for a summary judgment. The RTC granted the motion considering that the SRA's opposition did not tender a genuine issue as to any material fact and that Central Azucarera is entitled to a judgment as a matter of law.[40]

All told, the CA correctly dismissed the SRA's appeal for being a wrong mode of review. The SRA should have filed a petition for review on *certiorari* to this Court and not an appeal to the CA. Consequently, the RTC's Order dated January 24, 2019 became final and executory. The improper appeal did not toll the reglementary period to file a petition for review on *certiorari*.[41] This means that the SRA has now lost its remedy against the trial court's ruling.[42]

On this point, the Court reiterates that appeal is a mere statutory privilege and may be exercised only in accordance with law. A party who seeks to avail of the privilege must comply with the requirements of the rules lest the right to appeal is invariably lost. The Court cannot tolerate ignorance of the law on appeals and it is not our task to determine for litigants their proper remedies under the rules.[43]

**ACCORDINGLY**, the Petition for Review on *Certiorari* is **DENIED**. The Resolutions dated February 26, 2020 and September 3, 2020 of the Court of Appeals in CA-G.R. SP No. 160975 are **AFFIRMED**. The Motion to Defer Submission of Appellee's Memorandum Pending Resolution of the Motion to Dismiss is **DENIED** for being moot.

---

39 The Court held that the interpretation of a statute is a question of law. See *Beinser v. Seiboth*, 20 Phil. 573, 579–580 (1911) [*Per Curiam, En Banc*]. See also cases involving the interpretation of contracts: *F.F. Cruz & Co., Inc. v. HR Construction Corporation*, 684 Phil. 330, 347 (2012) [Per J. Reyes, Second Division], citing *Philippine National Construction Corporation v. CA*, 541 Phil. 658, 669–670 (2007) [Per J. Chico-Nazario, Third Division]. See also *Malayan Insurance Company, Inc. v. St. Francis Square Realty Corporation*, 776 Phil. 477 (2016) [Per J. Peralta, Third Division]; and *CE Construction Corporation v. Araneta Center, Inc.*, 816 Phil. 221 (2017) [Per J. Leonen, Second Division].

40 *Eland Philippines, Inc. v. Garcia*, 626 Phil. 735, 749 (2010) [Per J. Peralta, Third Division].

41 *East West Banking Corporation v. Cruz*, G.R. No. 221641, July 12, 2021, <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/67660> [Per J. Hernando, Third Division].

42 *Silverio, Jr. v. CA*, 616 Phil. 1, 14 (2009) [Per J. Velasco, Jr., Third Division].

43 *Indoyon, Jr. v. CA*, 706 Phil. 200, 212 (2013) [Per C.J. Sereno, *En Banc*].

**SO ORDERED.**

**MARIO V. LOPEZ**
Associate Justice

**WE CONCUR:**

**MARVIC M.V.F. LEONEN**
Senior Associate Justice

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

**JHOSEP Y. LOPEZ**
Associate Justice

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

## ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

**MARVIC M.V.F. LEONEN**
Senior Associate Justice
Chairperson, Second Division

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

**ALEXANDER G. GESMUNDO**
Chief Justice