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Necessarily, the Court *LIFTS* the Temporary Restraining Order it issued dated 12 March 2008. Let entry of judgment be made in this case in due course.

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Nachura, and *Reyes, JJ.*, concur.

SECOND DIVISION

[G.R. No. 164298. April 30, 2008]

ENGR. ROGER F. BORJA, *petitioner, vs.* **THE PEOPLE OF THE PHILIPPINES,** *respondent.*

SYLLABUS

POLITICAL LAW; GOVERNMENT OWNED AND CONTROLLED CORPORATION (GOCC); LOCAL WATER DISTRICTS DERIVED THEIR EXISTENCE FROM PRESIDENTIAL DECREE NO. 198, AS AMENDED; SUSTAINED.— Borja's contention that a prejudicial question exists in his case is clearly devoid of any legal basis, considering that it had been settled, long before the *Feliciano* case, that local water districts are GOCCs, and not private corporations. This is because local water districts do not derive their existence from the Corporation Code, but from Presidential Decree No. 198, as amended. Thus, being a public officer, Borja can certainly be indicted for violation of Rep. Act No. 3019. Moreover, it did not also escape our notice that at the time Borja filed his petition before us on July 21, 2004, he no longer has any basis to question the Decision and Resolution of the Court of Appeals. This is because more than six months have elapsed by then since we had decided the *Feliciano* case.

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APPEARANCES OF COUNSEL

Gregorio D. Cañeda, Jr. for petitioner.
The Solicitor General for respondent.

D E C I S I O N

QUISUMBING, *J.*:

For review on *certiorari* are the Decision[1] dated March 19, 2004 and Resolution[2] dated June 28, 2004, of the Court of Appeals in CA-G.R. SP. No. 77453.

The facts are as follows:

In three Informations[3] filed with the Regional Trial Court of San Pablo City, Laguna, Branch 30, petitioner Engr. Roger F. Borja, in his capacity as General Manager C of the San Pablo

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[1] *Rollo*, pp. 172-178. Penned by Associate Justice Andres B. Reyes, Jr., with Associate Justices Buenaventura J. Guerrero and Regalado E. Maambong concurring.

[2] *Id*. at 192.

[3] Records, Criminal Case No. 13758-SP (02), p. 1.

x x x x x x x x x

That sometime on August 12, 1997 or immediately sometime prior or subsequent thereto, in San Pablo City, Laguna, Philippines, and within the jurisdiction of this Honorable Court, the above-named accused Roger F. Borja, a public officer, being then the General Manager C, with Salary Grade 26, of the San Pablo City Water District, while in the performance of his official functions, with evident bad faith, manifest partiality or gross inexcusable negligence, did, then and there, willfully, unlawfully and feloniously give unwarranted benefit to Teresita B. Rivera by retaining her as Division Manager of Commercial C of the San Pablo City Water District, although her promotional appointment had been revoked by the Civil Service Commission, enabling said Teresita B. Rivera to receive all the benefits due said position without legal basis, to the prejudice of the government and public interest.

CONTRARY TO LAW.

Records, Criminal Case No. 13759-SP (02), p. 1.

x x x x x x x x x

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Water District, was charged with violation of Section 3 (e)[4] of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act.

That on or about July 15, 1995 or immediately sometime prior or subsequent thereto, in San Pablo City, Laguna, Philippines, and within the jurisdiction of this Honorable Court, the above-named accused, Roger F. Borja, a public officer, being then the General Manager C, with Salary Grade 26, of the San Pablo City Water District, while in the performance of his official functions, with evident bad faith, manifest partiality or gross inexcusable negligence, did, then and there, willfully, unlawfully and criminally use the funds of the San Pablo City Water District, instead of his own, to pay the back wages of Evelyn Eje in the amount of ₱969,822.73, thereby causing undue injury to the San Pablo City Water District and to the public in the aforestated amount.

CONTRARY TO LAW.

Records, Criminal Case No. 13760-SP (02), p. 1.

x x x x x x x x x

That on [or] about July 17, 1995 or immediately sometime prior or subsequent thereto, in San Pablo City, Laguna, Philippines, and within the jurisdiction of this Honorable Court, the above-named accused Roger F. Borja, a public officer, being then the General Manager C, with Salary Grade 26, of the San Pablo City Water District, while in the performance of his official functions, with evident bad faith, manifest partiality or gross inexcusable negligence, did, then and there, willfully, unlawfully and criminally use the funds of the San Pablo City Water District, instead of his own, to pay the back wages of Raquel Tolentino in the amount of ₱972,209.69, thereby causing undue injury to the San Pablo City Water District and to the public in the aforestated amount.

CONTRARY TO LAW.

[4] SEC. 3. *Corrupt practices of public officers.* – In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:

x x x x x x x x x

(*e*) Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official, administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence. This provision shall apply to officers and employees of offices or government corporations charged with the grant of licenses or permits or other concessions.

x x x x x x x x x

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On January 13, 2003, Borja filed a Motion to Suspend Arraignment.[5] Borja alleged that there is a pending civil case entitled *Feliciano v. Commission on Audit*,[6] docketed before this Court as G.R. No. 147402, which involves the issue of whether local water districts are private or government-owned or controlled corporations (GOCCs).[7] He argued that the issue is a prejudicial question, the resolution of which determines whether or not the criminal actions against him may proceed. If this Court resolves that local water districts are private corporations, the graft cases against him will not prosper since then he would not be a public officer covered by Rep. Act No. 3019.

On February 18, 2003, the trial court denied the motion. Later it also denied his motion for reconsideration.

Aggrieved, Borja filed a petition for *certiorari* before the Court of Appeals, which, however, dismissed his petition for lack of merit after noting the previous cases wherein we held that local water districts are GOCCs.[8] Borja sought reconsideration, but it was likewise denied. Hence, this petition.

Borja raises the following issues:

I.

WHETHER OR NOT THE HONORABLE COURT OF APPEALS SECOND DIVISION ERRED IN DISMISSING THE PETITION FOR *CERTIORARI* IN CA-[G.R.] SP NO. 77453 AS WELL AS PETITIONER'S MOTION FOR RECONSIDERATION DATED 23 MARCH 2004[.]

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[5] Records, Criminal Case No. 13758-SP (02), pp. 48-55.

[6] G.R. No. 147402, January 14, 2004, 419 SCRA 363.

[7] *Id.* at 368.

[8] *Rollo*, p. 177. See cases of *Hagonoy Water District v. NLRC*, No. 81490, August 31, 1988, 165 SCRA 272, 279; *Davao City Water District v. Civil Service Commission*, G.R. Nos. 95237-38, September 13, 1991, 201 SCRA 593, 606; *Tanjay Water District v. Gabaton*, G.R. No. 63742, April 17, 1989, 172 SCRA 253, 261.

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II.

WHETHER OR NOT THE HONORABLE COURT OF APPEALS SECOND DIVISION ERRED IN NOT APPLYING ESTABLISHED JURISPRUDENCE IN RESOLVING TO DISMISS THE PETITION FOR *CERTIORARI* IN CA-[G.R.] SP NO. 77453[.][9]

Simply, the issue is: Did the Court of Appeals err in ruling that there was no prejudicial question warranting the suspension of the proceedings of the graft cases?

Petitioner reiterates his arguments before the Court of Appeals and insists that the appellate court should have ordered the suspension of his arraignment while the *Feliciano* case is pending before us.

For the People, the Office of the Solicitor General pointed out that we had already rendered a decision on the *Feliciano* case on January 14, 2004 and that we had ruled therein that local water districts are not private corporations but GOCCs. Therefore, the criminal cases against Borja must proceed because he is a public officer covered by Rep. Act No. 3019.

The petition is bereft of merit.

Borja's contention that a prejudicial question exists in his case is clearly devoid of any legal basis, considering that it had been settled, long before the *Feliciano* case, that local water districts are GOCCs, and not private corporations.[10] This is because local water districts do not derive their existence from the Corporation Code,[11] but from Presidential Decree No. 198,[12] as amended.

Thus, being a public officer, Borja can certainly be indicted for violation of Rep. Act No. 3019.

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[9] *Rollo*, pp. 269-270.

[10] *Supra*, note 8.

[11] Batas Pambansa Blg. 68.

[12] "THE PROVINCIAL WATER UTILITIES ACT OF 1973." Done on May 25, 1973.

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Moreover, it did not also escape our notice that at the time Borja filed his petition before us on July 21, 2004, he no longer has any basis to question the Decision and Resolution of the Court of Appeals. This is because more than six months have elapsed by then since we had decided the *Feliciano* case.

WHEREFORE, the petition is *DENIED* for lack of merit. The assailed Decision dated March 19, 2004 and Resolution dated June 28, 2004 of the Court of Appeals in CA-G.R. SP. No. 77453 are hereby *AFFIRMED*. Costs against the petitioner.

SO ORDERED.

Carpio Morales, Azcuna, Tinga,* and *Velasco, Jr., JJ.,* concur.

THIRD DIVISION

[G.R. No. 164805. April 30, 2008]

SOLIDBANK CORPORATION, NOW KNOWN AS METROPOLITAN BANK AND TRUST COMPANY, *petitioner, vs.* **GATEWAY ELECTRONICS CORPORATION, JAIME M. HIDALGO AND ISRAEL MADUCDOC,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; MODES OF DISCOVERY; PRODUCTION OF DOCUMENTS AND INSPECTION OF THINGS DURING PENDENCY OF A CASE; REQUIREMENTS.—Section 1, Rule 27 of the Rules of Court provides the mechanics for the production of documents and the inspection of things during the pendency of a case. It also deals with the inspection of sources of evidence other than

* Additional member in place of Justice Arturo D. Brion, who inhibited due to close relation to a party.