

Title: Deutsche Bank AG vs. Court of Appeals and Steel Corporation of the Philippines

Facts:

Steel Corporation of the Philippines (SteelCorp) defaulted on loan obligations, leading to a creditor-initiated petition for corporate rehabilitation filed by Equitable PCI Bank, Inc. (now Banco de Oro) on September 11, 2006, before the Regional Trial Court of Batangas (RTC-Batangas), docketed as Spec. Proc. No. 06-7993. The RTC approved SteelCorp's proposed rehabilitation plan on December 3, 2007.

In February 2008, Rizal Commercial Banking Corporation (RCBC) assigned its rights and interests in the SteelCorp loans to Deutsche Bank AG. After Deutsche Bank AG notified the RTC-Batangas of the assignment and sought to substitute for RCBC, the RTC ordered assignees, including Deutsche Bank AG, to disclose the consideration paid for the assigned debts. Deutsche Bank AG challenged this order before the Court of Appeals (CA) through a Petition for Certiorari (CA-G.R. No. 111556). Simultaneously, two other petitions involving other creditors of SteelCorp arising from the same RTC order were pending before different CA divisions.

SteelCorp filed a motion proposing the consolidation of Deutsche Bank AG Petition with two other petitions and an earlier case, the Vitarich Petition. The latter involved a separate corporate rehabilitation proceeding but raised similar legal questions concerning the disclosure of assignment prices.

The CA ordered the consolidation, prompting Deutsche Bank AG to file for reconsideration, rejected by the CA. Deutsche Bank AG then filed a petition for certiorari with the Supreme Court.

Issues:

1. Was the CA's consolidation of the Deutsche Bank AG Petition with the Vitarich Petition appropriate given that they involved common questions of law?
2. Does the consolidation serve the purpose of obtaining justice with minimal expense and vexation to the litigants?

Court's Decision:

The consolidation by the CA was not proper; the cases were not "related cases" as they had different factual antecedents and origins from different corporate rehabilitation proceedings. The common question of law alone did not warrant consolidation. The CA's March 12, 2010, and July 19, 2010 Resolutions in CA-G.R. SP No. 111556 were therefore

reversed and set aside.

Doctrine:

Consolidation of actions involving a common question of law or fact is expressly authorized under Section 1, Rule 31 of the 1997 Rules of Civil Procedure. However, the cases must be “related cases,” meaning they arise from the same act, event or transaction, involve the same or like issues, and depend largely or substantially on the same evidence.

Class Notes:

- Consolidation is governed by Section 1, Rule 31 of the 1997 Rules of Civil Procedure and requires a common question of law or fact.
- “Related cases” are necessary for consolidation to be proper.
- *Teston v. Development Bank of the Philippines* establishes that cases must arise from the same act, event, or transaction, involve similar issues, and depend on the same evidence.

Historical Background:

This case underscores the discernment required in court proceedings to ensure proper administration of justice and prevent procedural complications. It highlights the principle that common legal questions, while significant, do not suffice to consolidate separate legal matters that do not share factual fundamentals or entail connected transactions. The differentiation between the assignment of cases and consolidation must be clearly maintained to avoid unnecessary legal entanglements and preserve judicial efficiency.