

Title: Borlongan v. Banco de Oro (Foreclosure and Summons Service Case)

Facts:

In 1976, Eliseo Borlongan, Jr. and Carmelita Borlongan acquired a property in Pasig City. In 2012, they discovered that their property was part of an execution sale in a Makati Regional Trial Court (RTC) case against Tancho Corporation and others, including Carmelita, over loan obligations. Banco de Oro (BDO) foreclosed Tancho Corporation's property in 2000 and secured the property in 2001.

Despite knowing Tancho Corporation no longer occupied the foreclosed property, the Makati RTC ordered the serving of summons there. Summons remained unserved, and on BDO's motion, the Court allowed publication of summons.

BDO successfully moved for a Writ of Attachment against the defendants, putting the Borlongan property at stake. After defaulted defendants and ex-parte proceedings, the Makati RTC ruled in favor of BDO in 2007. Following that, the property was auctioned, and BDO emerged as the highest bidder.

Eliseo then filed a complaint in Pasig RTC to annul related documents, arguing the conjugal property was wrongfully attached. The Pasig RTC initially dismissed the case, citing lack of jurisdiction, but upon reconsideration, reinstated it, except for annulment of the surety agreements. Both parties appealed to the Court of Appeals (CA), which ordered the Pasig RTC to cease hearing the case. Consequently, Eliseo sought relief from the Supreme Court.

Separately, Carmelita filed a petition for annulment with the CA arguing defect in the Makati RTC's summons service. As BDO advanced with property ownership consolidation, the CA denied her requests for injunctive relief. Carmelita escalated the matter to the Supreme Court.

Both cases, being related, were consolidated for Supreme Court resolution.

Issues:

1. Whether Carmelita was properly served summons in accordance with due process.
2. Whether the CA erred in declining the issuance of a TRO and/or WPI requested by Carmelita.
3. Whether the Pasig RTC has jurisdiction to hear and decide Eliseo's case challenging the levy and execution sale of the conjugal property.

Court's Decision:

The Supreme Court granted the petitions and reversed the appellate court's resolutions in both cases.

For G.R. No. 217617, it held that the appellate court erred in not issuing a TRO and/or WPI, as Carmelita had a clear right to due process that must be protected, and continuous violation thereof constituted grave injury. The Court also ruled the property was not foreclosed by BDO and questioned BDO's absolute possessory rights.

For G.R. No. 218540, the Court determined that Eliseo could file an independent action to annul the levy on their conjugal property, as the Pasig RTC properly exercised jurisdiction in the matter.

Doctrine:

- Proper service of summons is essential for due process to relay jurisdiction over a party in a legal proceeding.
- A separate action may be filed by a third party claimant to contest property attachment if the obligation enforced did not benefit the conjugal partnership.

Class Notes:

- Personal service of summons is the primary mode and must be faithfully attempted before alternatives are considered.
- A TRO/WPI may preserve the status quo without prejudging the main case.
- The conjugal property is generally not liable for personal debts of one spouse unless the debt benefited the family.
- Due process requires timely and proper notice before deprivation of property.

Historical Background:

This case reflects the complexities of ensuring due process within the Philippine legal system and the interplay between service of summons, attachment and foreclosure proceedings, and the protection of conjugal property rights. It highlights the evolving interpretations of laws relating to family assets in the context of broader financial obligations and the importance of preserving judicial integrity through proper service protocols.