

Title: PCI Leasing and Finance, Inc. v. CGP Transportation and Services Corporation

Facts:

The case began with CGP Transportation and Services Corporation (CGP) obtaining two loans amounting to Sixteen Million Pesos (₱16,000,000.00) from PCI Leasing and Finance, Inc. (PCI) which were secured by real estate mortgages over two parcels of land in Bo. Cupang, Muntinlupa City. CGP failed to fulfill its payment obligations, leading PCI to initiate extra-judicial foreclosure proceedings. PCI emerged as the highest bidder in the public auction and subsequently registered the Certificates of Sale. CGP did not redeem the properties within the redemption period, prompting PCI to seek possession.

PCI filed a petition in the Regional Trial Court (RTC) of Muntinlupa City, Branch 256 (LRC Case No. 99-020), for an ex-parte issuance of a Writ of Possession, which CGP opposed. Initially, the RTC favored issuing the writ but later reconsidered upon CGP's motion, which cited an ongoing appeal in a related case (Civil Case No. 99-234) challenging the foreclosure's annulment. The RTC, recognizing overlaps and unresolved motions in both cases, decided to suspend the ex-parte proceedings and reinstated a previously issued preliminary injunction.

PCI responded with a motion for reconsideration and, following its denial, escalated the matter to the Supreme Court via a Petition for Certiorari under Rule 65. The Supreme Court, citing procedural issues, referred the case to the Court of Appeals (CA G.R. SP No. 68528). The Court of Appeals found the RTC's actions as constituting grave abuse of discretion, ruling in favor of PCI and ordering the continuation of proceedings for the issuance of the writ of possession.

Issues:

1. Whether the RTC committed grave abuse of discretion by nullifying the ex-parte proceedings and reinstating the preliminary injunction from a separate case.
2. Whether the suspension of proceedings until the resolution of an appeal in a related case was warranted.
3. The appropriateness of the Court of Appeals' decision to give due course to PCI's petition for certiorari despite the Supreme Court's initial referral based on procedural grounds.

Court's Decision:

The Supreme Court affirmed the Court of Appeals' decision, concluding that substantial justice necessitated the referral and proceedings in the appellate court. The Supreme Court

clarified that while generally, only questions of law might be raised in a certiorari appeal under Rule 45, it may exercise discretion to refer cases involving factual matters to the Court of Appeals for resolution. Ultimately, the Supreme Court held that the RTC's suspension of the writ of possession proceedings and its reinstatement of the preliminary injunction constituted a grave abuse of discretion, thus siding with PCI and ordering the continuation of proceedings for the writ of possession to be issued.

Doctrine:

This case elucidates the principle that the issuance of a writ of possession to the purchaser in foreclosure proceedings is generally ministerial and not barred by pending litigations questioning the foreclosure's validity, except under exceptional circumstances necessitating a deviation from this principle for the sake of substantial justice.

Class Notes:

- In legal proceedings concerning the foreclosure of real estate, the issuance of a writ of possession to the auction winner is a ministerial duty of the court, not typically hindered by ongoing disputes over the foreclosure's validity.
- Procedural discretion allows higher courts to redirect cases for the proper administration of justice, as demonstrated by the Supreme Court's referral of procedural matters to the Court of Appeals.
- The principles of substantial justice can supersede strict procedural adherence, allowing for flexibility in legal processes to ensure fair outcomes.

Historical Background:

This case is situated within the context of Philippine jurisprudence on foreclosure and property law, highlighting the tension between procedural strictures and the judiciary's discretion to achieve equitable resolutions. It emphasizes the legal mechanisms available for parties in foreclosure disputes and the courts' roles in navigating between procedural technicalities and substantive justice.