

### Title: Government Service Insurance System vs. Mariano A. Nocom

### Facts:

The case originated from loans obtained by Bengson Commercial Buildings, Inc. (BENGSON) from the Government Service Insurance System (GSIS) in 1965 and 1971, totaling P4.25 million. Due to BENGSON's failure to settle arrearages, GSIS foreclosed the mortgaged properties, acquiring them at a public auction. BENGSON contested the foreclosure in the Court of First Instance of San Fernando, La Union, which was eventually transferred to the Regional Trial Court (RTC), securing a judgment nullifying the auction sale and ordering remedial actions from GSIS, including restructuring the loans and compensating BENGSON.

Upon GSIS's appeal to the Court of Appeals, the RTC's decision was modified, necessitating a remand for the determination of costs of suit. The trial court's subsequent order awarding BENGSON P31 million for costs of suit became final after GSIS's failure to file for reconsideration due to the absence of their counsel. Following unsuccessful relief efforts in the trial court, GSIS sought certiorari from the Court of Appeals and the Supreme Court, resulting in the remand of the case to the trial court to proceed as if GSIS's motion for new trial or reconsideration was granted.

During the subsequent trial court proceedings, Mariano A. Nocom moved to intervene, claiming an interest in the case through an assignment of shares from BENGSON. The trial court allowed the intervention, and its order to satisfy the P31 million award through garnished GSIS shares was contested by GSIS. After an unsuccessful appeal and a petition for certiorari and prohibition regarding Nocom's intervention, GSIS petitioned the Supreme Court.

### Issues:

1. Whether the Court of Appeals erred in determining that respondent Mariano A. Nocom has a right to intervene in the case.

### Court's Decision:

The Supreme Court denied GSIS's petition, affirming the Court of Appeals' decision. The Court held that Nocom had a legal interest in the matter in litigation due to the assignment of shares from BENGSON, which were originally part of the controversy. This interest qualified Nocom for intervention under the rules, as it directly affected him depending on the outcome of the case.

### ### Doctrine:

The right to intervene is affirmed when a person demonstrates a direct legal interest in the matter in litigation, the success of any of the parties, or has an interest adversely affecting both parties, especially when such interest could be significantly impacted by the disposition of property in the custody of the court.

### ### Class Notes:

- **Legal Basis for Intervention**: Intervention is permissible when the intervening party demonstrates a legal interest in the action's matter, in the success of either original party, or an interest against both, particularly when the intervenor would be adversely affected by the court's disposition of property.
- **Test for Legal Interest**: The intervenor must gain or lose by the judgment's legal operation and effect, indicating a direct and immediate character of interest (*Perez v. Court of Appeals*).
- **Remedies against Court Decisions**: This case illustrates the process of seeking reconsideration, filing for certiorari, and the procedural challenges and implications of delays in taking legal actions.
- **Impact of Procedural Delays**: The case showcases how procedural lapses, like failure to timely move for reconsideration, can lead to the finality of judgments and limit the available remedies.

### ### Historical Background:

In the broader context, this case links to the judicial practices surrounding foreclosure proceedings, the legal mechanisms for challenging foreclosure and auction sale outcomes, and the intricacies of legal representation and intervention rights within the Philippine legal system. The detailed progression from the mortgage foreclosure to Supreme Court intervention underscores the lengthy and complex nature of legal contests in property and loan disputes.