

MIGUEL PEREZ RUBIO, PETITIONER, VS. HON. JUDGE HERMINIO MARIANO, IN HIS CAPACITY AS PRESIDING JUDGE OF BRANCH X, OF THE COURT OF FIRST INSTANCE OF RFEAL, ROBERT O. PHILLIPS & SO...

G.R. No. L-30404. January 31, 1973

Ponente: MAKALINTAL, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/f311b776732d/>

MAKALINTAL, J.:

Petition for certiorari to review and set aside the order dated September 13, 1968 issued by the respondent Judge in Civil Case No. 8632 of the Court of First Instance of Rizal (Branch X) entitled "Robert O. Phillips & Sons, Inc., et al. vs. Miguel Perez Rubio," denying the motion of the defendant (now herein petitioner, Miguel Perez Rubio) to admit his amended and supplemental answer and third-party complaint, and to set aside as well the subsequent order denying his motion for reconsideration. Pending determination of the issues raised here the petitioner prayed that respondent Judge be restrained from proceeding with the hearing of the case below and the other respondents from transferring or proceeding with the agreement to transfer any of the assets of Hacienda Benito, Inc., to any third person except in the ordinary course of selling subdivision lots. On April 16, 1969 this Court caused to be issued a temporary restraining order as prayed for.

The present case is really a direct offshoot of an earlier case (Rubio vs. Reyes, et al., L-24581, May 27, 1968, 23 SCRA 773) involving practically the same contending parties. In that case this Court, resolving Miguel Perez Rubio's primary plea in his petition for certiorari to annul a writ of preliminary injunction issued ex-parte in Civil Case No. 8632, rendered judgment in part as follows:

"(1) In connection with the writ of preliminary injunction issued by the respondent Judge in Civil Case No. 8632 x x x, the same is hereby declared null and void and is, consequently, set aside x x x";

We considered the ex-parte issuance of the voided writ of preliminary injunction to be "unjust and improvident" because: "(W)ithout hearing the party concerned, and without any legal justification, it restrained a creditor (Perez Rubio) from enforcing his undented right to collect from his debtor and the latter's guarantors the sum of P4,250,000.00 representing the unpaid balance of the purchase price of his shares in Hacienda. It is a fact that the debtor Corporation (Robert O. Phillips and Sons, Inc.) and its guarantors, the Phillips spouses, do not deny the indebtedness, and yet, notwithstanding its extraordinary amount, they attempted to sell all the shares of stock of Hacienda without making any reasonable provision for the payment thereof. For them to prevent their creditor from enforcing that right in any lawful manner is, in any language, rank injustice."

But, as noted in the same decision, in view of certain complicated matters[1] that cropped up after the filing of the original petition in G.R. No. L-24581, which new matters were brought to the attention of this Court by Miguel Perez Rubio by means of several supplemental petitions[2] the scope of the petition in G.R. No. L-24581 as originally filed, i.e. mainly to annul the writ of preliminary injunction issued ex-parte in Civil Case No. 8632, was actually enlarged to include a plea to annul the proceedings had in a separate judicial foreclosure of mortgage case

(Civil Case No. 8766, Court of First Instance of Rizal, Branch VIII) instituted by the Manufacturers Bank and Trust Company against the properties of the Hacienda Benito, Inc. Miguel Perez Rubio then claimed that the foreclosure by the bank of the mortgage constituted on the properties of the Hacienda Benito, Inc., was intended simply to remove the said properties and the assets of the Hacienda's guarantors—the Phillips spouses — beyond his reach and thus make it impossible for him to collect the sum of P4,250,000.00 still unpaid on the purchase price of his shares in Hacienda sold by him to the Phillips corporation. On this particular aspect of the case We made this observation;

"x x x it is undeniable that the situation created by the acts admittedly done by the respondents in connection firstly, with the proposed sale of the shares of stock of Hacienda to Alfonso T. Yuchengco and his group, and secondly, with the conveyance of the properties of Hacienda to the Bank and the contemplated conveyance thereof to VVDC, placed petitioner's right and ability to collect the sum of P4,250,000.00 still due to him from the Phillips corporation and its guarantors, the Phillips spouses, in clear jeopardy, (and) it is our considered opinion in this regard that petitioner is entitled, both in law and equity, to a measure of protection — compatible with fairness towards the respondents — while in the process of taking whatever steps maybe necessary for the enforcement and protection of his rights."

We nevertheless denied the writ of certiorari prayed for "x x x insofar as it seeks to annul the judicial proceedings had in Civil Case No. 8766 of the Court of First Instance of Rizal, instituted by the Bank against Hacienda and other parties for the foreclosure of the mortgage constituted in its favor upon the properties of Hacienda." Conformably, however, with Our view that Miguel Perez Rubio should be entitled, both in law and equity, to a measure of protection, We specifically declared that Our denial of the writ of certiorari was "xxx without prejudice ... to the right of petitioner to seek such relief and any other relief that he might be lawfully entitled to against the herein respondents, singly or collectively, in the aforementioned Civil Case 8766 of the Court of First Instance of Rizal or in a separate action. x x x" (*italics supplied*) It was against the foregoing backdrop that the instant case arose.

Believing that the forum for the "separate action" referred to in the dispositive portion of Our decision in G.R No. L-24581 meant Civil Case "No. 8632 which has remained pending in the court a quo, Miguel Perez Rubio filed in the said case on July 9, 1968 an "Urgent Motion To Admit Amended and Supplemental Answer and Third-party Complaint," the third-party complaint being directed against the Manufacturers Bank and Trust Company, the Victoria Valley Development Corporation and the Hacienda Benito, Inc. The amended and supplemental answer recited the same matters which Miguel Perez Rubio had already alleged in his supplemental petition filed in this Court in G.R. No. L-24581, thereafter summarized in Our decision therein as follows:

"That after the respondent Judge had denied petitioner's (Miguel Perez Rubio) motion to dissolve the writ of preliminary injunction issued in Civil Case No. 8632, and sensing that the latter would take up the matter to Us for review, on June 3, 1965 the Articles of Incorporation of the respondent WDC were drawn up, and filed with the Securities and Exchange Commission the following day, x x x; that on June 10, 1965 the Bank filed a complaint dated May 31, 1965 against (1) Hacienda, (2) Compound Investment Corporation, (3) Corregidor Development Corporation, (4) Robert O. Phillips and Sons, (5) Crescent Corporation and (6) Francisco D. Santana to foreclose the real estate mortgage constituted on the properties of Hacienda to secure not only its own obligations but also those of other corporations and business enterprises of Robert O. Phillips, x x x (Civil Case No. 8766 of the Court of First Instance of Rizal); that instead of filing an answer to the complaint the defendants in said case entered into a compromise agreement dated June 17, 1967 whereby: (a) Hacienda agreed to convey and assign its properties covered by the mortgage and to assign all receivables due to it from the buyers of lots in its subdivisions, to the Bank in payment not only of its own mortgage debt but also of the other defendants; (b) Hacienda was subrogated to all the right and interest of the Bank under the deeds of mortgage being foreclosed in respect of its co-defendants; (c) Hacienda waived its right to redeem its

properties thereby transferred or sold to the Bank; that on June 21, 1965, the Phillips — individuals and corporation — received notice of our resolution of June 15, 1965 giving due course to the original petition filed in this case and requiring the petitioner therein to put up the bond required for the issuance of the writ of preliminary injunction; that this notwithstanding, x x x Hacienda, through Robert O. Phillips, executed a deed of absolute sale of its properties in favor of the Bank in payment of the amounts due from all the defendants; that x x x the deed of sale was registered in the Office of the Register of Deeds of Rizal, the consideration appearing thereon being the total sum of P7,485,492.98 representing the mortgage debts of all the defendants, plus costs and attorney's fees; that since July 1965 the newly-organized WDC had in fact been managing the Victoria Valley Subdivision which comprises the properties of Hacienda, payment of receivables from the purchasers of lots being made directly to it or to the Bank; that the aforesaid purchase price of the properties of Hacienda was grossly inadequate x x x; that the deed of sale also deprived Hacienda of its right to redeem the mortgaged properties; that the foreclosure proceedings, the compromise agreement and the sale mentioned heretofore were a scheme to circumvent and avoid the legal effects of the writ of preliminary injunction issued by Us in the present case and would, in effect, render valueless all the shares of Hacienda; that all the aforesaid foreclosure suit, compromise agreement and sale were calculated to produce the same result which could have been accomplished by Phillips & Sons, Inc. selling all the shares of Hacienda to Yuchengco and his group; that these proceedings and transactions amounting to a virtual disposal of all the assets of the Phillips spouses and of Robert O. Phillips and Sons, Inc. were in fraud of petitioner, their creditor, who would then have penniless debtors from whom he could not collect the unpaid balance of P4,250,000.00 due to him; that considering the fact that a good number of the members of the Board of the Bank were also members of the Board of WDC, these corporations must be deemed to have had knowledge of the scheme just described and of the action taken by some of the members of their Board in furtherance thereof."

Meanwhile the third-party complaint, substantially reiterating the above-mentioned allegations, sought to secure the return by the Bank and/or the WDC of the properties it and/or they had bought as a consequence of the judicial foreclosure of mortgage case (Civil Case No. 8766), with a further plea that "in the event that the Phillips are unable to pay (Miguel Perez Rubio) the judgment on his counterclaim said properties and funds returned by the defendant Bank be held to answer for such judgment or any part thereof unpaid by the Philips," together with damages. On the same date, July 9, 1968, Miguel Perez Rubio urgently moved the court a quo for the issuance of writs of preliminary injunction, both in the amended and supplemental answer as well as in the third-party complaint, intended to prevent the Phillips spouses and the impleaded third-party defendants from performing acts that would deplete the assets of Hacienda Benito, Inc.

In due time respondent Phillips spouses filed their twin opposition to the admission of the amended and supplemental answer and the third-party complaint, pleading the following grounds: (a) that the dispositive portion of the decision in G.R. No. L-24581 granting Miguel Perez Rubio the right to seek relief in Civil Case No. 8766 "x x x or in a separate action" meant that the choice of forum given Miguel Perez Rubio was limited to Civil Case No. 8766 or an action other than Civil Case No. 8632; (b) that the proper forum in fact was in Civil Case No. 8766, the foreclosure of mortgage case in which the Phillips spouses voluntarily ceded to the Bank 78 hectares of Hacienda Benito, Inc.'s property known as the Victoria Valley Subdivision to pay for all the obligations of the Phillips and of their affiliate corporations for which the ceded assets of Hacienda Benito had been mortgaged; (c) that the additional allegations in the amended and supplemental answer relating to supervening events which allegedly operated to defraud Miguel Perez Rubio by depriving him of adequate security to recover on his credit changed Miguel Perez Rubio's cause of action as alleged in the counterclaim, i.e. the Phillips spouses' alleged indebtedness of P4,250,000.00.

Hacienda Benito, Inc. in the meantime, opposing Miguel Perez Rubio's application for a writ of preliminary injunction, adopted as its own the arguments adduced by Phillips, while the WDC objected to the issuance of the writ of preliminary injunction on the main ground that not having yet been formally served with summons on the

third-party complaint, it may not properly be subjected to the writ. The Manufacturers Bank and Trust Company, on the other hand, entered a special appearance solely to oppose both the urgent motion for the issuance of the writ of preliminary injunction and the motion to admit the third-party complaint. The Bank reiterated WDC's argument that injunction was not proper as against it until the third-party complaint had been admitted or allowed; and in opposition to the admission of the third-party complaint it pointed out: (a) that the Bank may not be made a third-party defendant since it could not stand liable for contribution, indemnity or subrogation or any other relief which the original plaintiffs in Civil Case No. 8632 may obtain against Miguel Perez Rubio; (b) that whatever it had done, i.e. foreclose the mortgage constituted on the Hacienda Benito properties, was legally unassailable for it had merely taken steps to protect its interest as mortgagor; and (c) that the respondent Judge in Civil Case No. 8632 did not have jurisdiction to look into the validity of the proceedings in Civil Case No. 8766 heard and decided by Branch VIII of the same Court of First Instance of Rizal in Pasig.

In Miguel Perez Rubio's reply to the opposition of the Phillips spouses and Hacienda Benito, Inc. to the admission of the amended and supplemental answer as well as of the third-party complaint, he maintained (a) that in G.R. No. L-24581 he was given the choice of forum where to seek relief, and that instead of seeking annulment of the foreclosure in Civil Case No. 8766 he opted to ventilate his claim in the pending case below; (b) that the amended and supplemental answer did not alter his cause of action on the counterclaim since the basis of all the allegations therein stemmed from his right to collect the sum due him, and the reference to certain transactions entered into by the Phillips spouses with the third-party defendants was intended simply to point out the consequent impossibility on the part of the Phillips spouses to make the necessary payment; (c) that since the foreclosure of mortgage case (Civil Case No. 8766) did not proceed to trial but was settled before an answer could even be filed, there were no judicial proceedings that would have to be set aside; and (d) that the real issue involving Miguel Perez Rubio and the Phillips spouses was the propriety and/or validity of the agreement dated June 5, 1965 whereby the Phillips spouses and the third-party defendants conspired to defraud the petitioner.

In justifying his filing of the third-party complaint, Miguel Perez Rubio argued, in his reply to the opposition of the Bank and the VVDC, that a third-party complaint was proper not only when the intended third-party defendant is liable for subrogation or contribution on defendant's counterclaim but also ". . . where even, if the action that may be taken against a third-party defendant is unrelated to plaintiff's claim against the third-party plaintiff or defendant, (it appears that) the third-party is a necessary party to the case or one without whose intervention the real issue involved cannot be fully determined, . . .," citing the case of *Baluyot vs. Court of Appeals*, 106 Phil 844. He further reiterated that the Bank's arrangements with the Phillips spouses were of such a fraudulent character that they prevented the latter from paying Miguel Perez Rubio or from returning even the object of the Phillips' indebtedness, which was 50% of the shares of stock of Hacienda Benito, Inc. formerly owned by Miguel Perez Rubio and bought on installment by the Phillips.

On September 13, 1968 the respondent Judge issued an order denying the admission of the amended and supplemental answer and the third-party complaint mainly on the ground that to resolve the issues regarding the alleged fraudulent transactions entered into by the plaintiffs and the third-party defendants in order to prevent Miguel Perez Rubio from enforcing his admitted credit would necessarily involve, in one way or another, the proceedings had in a coordinate and co-equal court which had in fact been terminated in Civil Case No. 8766. In addition, the respondent Judge viewed the additional matters alleged in the amended and supplemental answer and in the third-party complaint as irrelevant to the principal issue raised by the Phillips in the complaint, which was whether or not Miguel Perez Rubio unlawfully interfered with the plaintiffs' transactions with Alfonso Yuchengco, and to the main issue raised by Miguel Perez Rubio in his counterclaim, i.e. whether or not the Phillips spouses are liable for the balance of P4.25 million in favor of Miguel Perez Rubio. A motion for reconsideration having been denied "on November 21, 1968, Miguel Perez Rubio commenced the instant petition

for certiorari, posing the central issue, as he saw it, in this wise: "May your petitioner implead the respondents

Victoria Valley Development Corporation, Manufacturers Bank and Trust Company and the Hacienda Benito, Inc. in Civil Case No. 8632 where your petitioner has a compulsory counterclaim against respondents Phillips on the shares of stock sold by your petitioner?"

In due time the herein respondents filed their respective answers. The answer to the petition filed by the respondent Judge, by Robert O. Phillips — the corporation and the individuals — and by Hacienda Benito, Inc., admits some of the material averments in the petition and specifically denies the others, particularly the propriety of the petition for certiorari availed of by petitioner. To support said denials or by way of special and affirmative defenses the answer further alleges: that the instant petition for certiorari with preliminary injunction should not have been given due course since it was filed after petitioner had already lost his right to appeal the disputed order, it appearing from the records that the said order, dated September 13, 1968, was received by the petitioner on October 12, 1968 and the motion for its reconsideration was filed on November 18, 1968, the 37th day from receipt thereof, and not on November 11, 1968 as the petitioner alleged; that similarly, the petitioner let more than two (2) months pass from receipt of the denial of his motion for reconsideration before he commenced the instant petition on April 12, 1969; that the right to appeal having been lost through inaction and/or negligence, certiorari may not now be availed of as a substitute for appeal; that in fact the court below had even lost jurisdiction to be consider its original order dated September 13, 1968 in view of the lapse of the reglementary period within which the same might be reconsidered and/or appealed, it appearing that the motion for its reconsideration was filed on the 37th day from receipt of the assailed order; that since an order denying admission of an amended pleading or a third-party complaint is appealable, the petitioner's failure to appeal within the allowable period meant that the assailed order may no longer be impugned; that the dominant issue raised in the instant case, i.e. whether or not the respondent Judge committed a grave abuse of discretion amounting to excess of jurisdiction in denying admission of the amended and supplemental answer and the third-party complaint, had in fact already been resolved in the earlier related case of *Rubio vs. Reyes*, supra, when the Supreme Court ruled that any relief to which Miguel Perez Rubio might be lawfully entitled to may be sought in "Civil Case No. 8766 of the Court of First Instance of Rizal or in a separate action," necessarily implying that the alleged fraudulent actions on the part of the respondents — which matters were earlier alleged in the Second Supplemental Petition filed in G.R. No. L-24581 and repeated in the amended pleading and third-party complaint whose admission in the court a quo is being sought — had already been determined to be proper subject-matter either in Civil Case No. 8766 or in a separate action other than Civil Case No. 8632; that the admission of the amended pleading and the third-party complaint, if permitted, would involve an inquiry by the respondent Judge into the legality and/or propriety of the proceedings had in Civil Case No. 8766, tried by a coordinate and co-equal court, which could not be properly done in view of the rule that the jurisdiction to annul a judgment of a branch of the Court of First Instance belongs solely to the very branch which rendered the judgment, not to another co-equal and coordinate court; that assuming that the argument of non-interference by one branch with action of another branch of the same court could be overcome, the respondent Judge nevertheless did not abuse his discretion in denying admission of the amended and supplemental answer and third-party complaint because the former substantially altered Miguel Perez Rubio's cause of action since the original counterclaim related only to the payment of the alleged indebtedness of P4,250,000.00 while the amended pleading seeks a writ of preliminary injunction with respect to a transaction which is not involved in the counterclaim for the payment of the said indebtedness, and the third-party complaint seeks (a) the annulment of certain processes in Civil Case No. 8766, particularly the memorandum agreement dated June 5, 1965, ceding the properties of Hacienda to the Bank which cession, as maintained by the petitioner, was made in fraud of creditors and (b) the return of the same properties to Hacienda — all these matters being completely irrelevant to petitioner's counterclaim for his totally unsecured credit; that the

third-party complaint under the foregoing set-up may not be admitted without violating the applicable rule (Section 12, Rule 6) which requires that third-party complaint must be so related to the plaintiffs claim against the defendant that the third-party defendant may actually stand liable for contribution, indemnity, subrogation or any other relief, in respect of his (referring to the original defendant and/or third-party plaintiff) opponent's claim. Lastly, by way of compulsory counterclaim, the answering respondents allege that as a result of the petitioner's bad faith in instituting the present petition they suffered damages for which they should be adequately compensated.

The VVDC, for its part, after making admissions and specific denials in its answer, particularly takes exception to the propriety of the instant petition for certiorari with a plea for preliminary injunction, stressing, that the assailed orders could have been the subject only of review by appeal and that, in any event, the denial of the admission of the amended and supplemental answer and the third-party complaint had already become final since the records showed that a motion for its reconsideration was filed beyond the reglementary period for filing the same; that although the instant petition was labeled as one for certiorari, it was in effect one for a writ of mandamus to compel the respondent Judge to admit the petitioner's amended and supplemental answer below, as well as the third-party complaint and thereafter to proceed with the case, which writ would not be available since the controverted orders were issued by the respondent Judge in the exercise of his discretion. The prayer for preliminary injunction, VVDC claims, has no basis in law insofar as it is concerned for the reason that since it has not been legally joined as a party in the principal case below (Civil Case No. 8632), no action may be said to have been commenced against it for which it may be subject to a writ of injunction. VVDC further avers: "(It is) being brought into these proceedings merely as a prospective purchaser, x x x (Likewise) if, as a matter of good law, injunction could be available to the petitioner, then an order of restraint upon the prospective seller would be more than sufficient to protect the rights of the petitioner Miguel Perez Rubio, without the need of harassing a would-be purchaser and compelling it to litigate together with the attendant inconveniences and expenses."

The Manufacturers Bank and Trust, Co., Inc., in its answer to the present petition, also made admissions and specific denials of the material averments of the petition. Its extensive allegations may be summarized as follows: that the assailed orders denying the admission of the petitioner's amended and supplemental answer and the third-party complaint are not proper subjects for a petition for certiorari because: (a) appeal was available to petitioner from the order dated September 13, 1968 and it is well-settled that certiorari cannot be availed of as a substitute for appeal; (b) by failing to appeal within the reglementary period, petitioner had likewise lost his right to avail himself of the special remedy of certiorari; and (c) the orders sought to be reviewed were validly and legally issued on the basis of the attendant circumstances. It is further claimed that insofar as the Bank is concerned, the pertinent inquiry is whether or not the petitioner may implead — by means of a third-party complaint— the answering respondent Bank in the original case where petitioner, as party defendant therein, has a compulsory counterclaim against the plaintiff. Submitting a negative position, the Bank argues that a third-party complaint may not be introduced if the same would effect a new and separate controversy from that involved in the original action. If included as third-party defendant, the Bank, it is pointed out, will be unable to assert any defense which Miguel Perez Rubio has or may have against the plaintiffs' claim. Furthermore, the third-party complaint, if allowed admission, would virtually operate to reopen discussion of the merits of an already terminated case (Civil Case No. 8766) tried by a co-equal branch of the court a quo. Specifically referring to Hie instant petition, the Bank maintains that not being "otherwise a party to the original proceedings, it cannot be made a party in a certiorari petition and in that petition be enjoined ..."

From the welter of pleadings filed by the contending parties, the fundamental issue herein presented is the propriety or impropriety of the amended and supplemental answer and of the third-party complaint.

According to the order in question, dated September 13, 1968, the respondent Judge refused to admit both pleadings in order to avoid what he viewed as a possible invasion of the jurisdiction and authority of another branch of the court, which is co-equal and coordinate, and also in the belief that the new matters touched upon particularly in the amended and supplemental answer would merely delay the disposition of the main issue raised by the plaintiffs below, i.e., whether or not Miguel Perez Rubio unlawfully interfered with the plaintiffs' transaction with one Alfonso Yuchengco, as well as of the issue raised by Miguel Perez Rubio in his counterclaim, i.e., whether or not the plaintiffs are liable to him for the balance of P4.25 million.

We do not share the respondent Judge's conclusions. In his original answer Miguel Perez Rubio prayed for the dismissal of the complaint and for judgment against the Phillips in the sum of P4.25 million, which admittedly they owe him, plus damages. On the other hand, the amended and supplemental answer which was sought to be admitted prays additionally that:

"1. Pending, the hearing of this case (that) a restraining order or a writ of preliminary injunction be issued against the plaintiffs or any of their servants, agents or persons acting for and in their behalf restraining them from:

a) proceeding with the sale of the shares of stock of Hacienda Benito, Inc., or of any of its assets to Alfonso Yuchengco or to any person save in the ordinary sale of subdivision lots; and

b) performing any act which will either diminish the value of said shares or-deplete the assets of said Hacienda;

2. In the alternative, should this injunction not be possible, a writ of preliminary attachment be issued against the properties of plaintiffs in such value as will properly guaranty the payment of P4.2 million plus 8% interest thereon since April 30, 1964 continuing until the final termination of this case;

3. After hearing, judgment be rendered in favor of your defendant - -

a) Making the above injunction, if granted, permanent;

x x x

x x x

x x x"

The additional plea was the logical consequence of Miguel Perez Rubio's allegations in the amended and supplemental answer of relevant facts which occurred subsequently to the filing of the original answer. To be sure, these additional facts tend to place in issue the propriety of the judicial foreclosure (Civil Case No. 8766) effected by the Manufacturers Bank and Trust Co. against the properties of the Hacienda Benito, Inc. But this fact alone hardly suffices to warrant a finding that the amended and supplemental answer sought to be admitted alleges a cause of action different from that originally pleaded.

The rule regarding amendments to the complaint — and mutatis mutandis to the counterclaim — has been stated by this Court as follows: "(I)n determining whether a different cause of action is introduced by amendments to the complaint, what is to be ascertained is whether the defendant shall be required to answer for a liability or legal obligation wholly different from that which was stated in the original complaint. An amendment will not be considered as stating a new cause of action if the facts alleged in the amended complaint (or counterclaim) show substantially the same wrong with respect to the same transaction, or if what are alleged refer to the same matter

but are more fully and differently stated, or where averments which were implied are made in expressed terms, and the subject of the controversy or the liability sought to be enforced remains the same." (Shaffer vs. Palma, L-24115, March 1, 1968; 22 SCRA 934) In the instant case, the extensive recitals regarding certain events which transpired after the original answer had been filed are obviously intended to emphasize the resulting difficulty on the part of Miguel Perez Rubio to collect from the Phillips their admitted indebtedness. The narration of the steps allegedly taken by the debtors to make it extremely hard, nay highly improbable, for Miguel Perez Rubio's counterclaim to be satisfied, does not necessarily mean or imply that a new cause of action has been pleaded. The counterclaim remains the same, namely: to obtain payment of the indebtedness of the Phillips. In other words, what is being enforced against the Phillips, both in the original answer and in the amended and supplemental answer, is the obligation to pay the Perez Rubios. This amended and supplemental answer should have been admitted.

Referring this time to the propriety of the third-party complaint, there appears at first blush to be some merit in the contention of the respondents (third-party defendants), since there is no demand from them for contribution, indemnity, subrogation or any other relief in respect of the plaintiffs' claim, (Rule 6, Sec. 12), which is to stop Miguel Perez Rubio from interfering with a certain transaction between the said plaintiffs and a third person. What the third-party complaint seeks is to hold the third-party defendants directly liable to the third-party plaintiff for damages for alleged fraudulent acts which would render his counterclaim against the plaintiffs unrecoverable.

However, Miguel Perez Rubio has been accorded by this Court the right to seek protection of his credit for the unpaid balance of the price of his shares in Hacienda which he had sold to the Phillips — which credit has been jeopardized by the acts of the plaintiffs and the third-party defendants. It would be an exercise in futility to allow Miguel Perez Rubio's counterclaim against the plaintiffs to remain in the case (No. 8632) for adjudication by the Court and at the same time throw out his third-party complaint against third persons for acts which would prevent such counterclaim from being realized because by said acts the plaintiffs' assets are placed beyond fee counter claimant's reach. It bears repeating that those acts took place after Miguel Perez Rubio filed his petition in this Court in L-24581, and in doing them the parties now sought to be impleaded as third-party defendants in effect made common cause with the plaintiffs — "conspired amongst themselves" — as stated by Us in Our decision in that case. Having thus entered into transactions with respect to things then under litigation, they have no cause to complain if they are brought in as parties.

We do not believe that it would serve the ends of justice or of a prompt dispatch of the controversies and issues involved to affirm the orders herein challenged and cause an entirely new action to be commenced. The main dispute below has been delayed long enough for reasons that can be attributed to the plaintiffs and the third-party defendants. The same policy considerations against multiplicity of suits which prompted this Court in *Balastro, et al. vs. Court of Appeals, et al.*, L-33255, November 29, 1972, to affirm the admission of the third-party complaint therein involved despite a finding of its procedural infirmity, likewise obtain in this case. Besides, the bringing in of the herein private respondents as third-party respondents in the case below is in accordance with Sections 14 and 15, Rule 6 of the Rules of Court, which provide: -

"SEC. 14. Bringing new parties.— When the presence of parties other than those to the original action is required for the granting of complete relief in the determination of a counterclaim or cross-claim, the court shall order them to be brought in as defendants, if jurisdiction over them can be obtained.

SEC. 15. Liberal construction.— AU pleadings shall be liberally construed so as to do substantial justice."

With respect to the argument that to admit the third-party complaint would amount to an invasion of the jurisdiction of a co-equal branch of the court in the mortgage foreclosure case (Civ. Case No. 8766) suffice it to point out that the so-called decision therein was nothing but to approve a memorandum-agreement (dated June 5,

1965) between the Phillips and the MBTC whereby the former transferred to the latter certain properties as payment for the indebtedness of the Phillips and their affiliate companies. There was no contentious litigation; what the court did was simply to declare that the mortgage debt had been satisfied by means of sale or cession of properties, without ruling on any adversary claims of the parties. It cannot be considered a judgment which is beyond question, even in another court. Otherwise, it might be putting a premium on legal stratagem and subterfuge.

WHEREFORE, the orders complained of are set aside and respondent Judge or whosoever is assigned to try the case below is-instructed to admit the amended and supplemental, answer and third-party complaint filed by Miguel Perez Rubio. Thereafter, these cases shall proceed accordingly. The restraining order hereinbefore issued by this Court is hereby lifted insofar as it restrains respondent Judge from proceeding with the hearing of Civil Case No. 8632 of the Court of First Instance of Rizal, Br. X (Pasig, Rizal), and maintained insofar as it restrains (the other respondents) "from proceeding with the transfer of the shares and/or of the assets of Hacienda Benito, Inc. to each other or to any other person, except in the ordinary course of selling subdivision lots," without prejudice to the judgment that may be rendered by the court a quo in the case. Costs against the respondents.

Zaldivar, Ruiz Castro, Teeharikkee, Barredo, Makasiar, Antonio, and Esguerra. JJ., concur.

Concepcion, C.J. and Fernando, J., took no part.

[1] These matters, as culled from the supplemental petitions filed by Miguel Perez Rubio, were stated by this Court in this wise, to wit: "It is clear from the facts alleged in the second amended supplemental petition that the burden of petitioner's case — aside from the annulment of the writ of preliminary injunction issued by the respondent Judge x x x — is that all the material events that transpired after the filing of his original petition show that the Bank, Robert O. Phillips and Sons, Inc., the Phillips spouses and WDC, conspired amongst themselves to put the properties of Hacienda and the assets of the latter's guarantors — the Phillips spouses — beyond his reach and thus make it impossible for him to collect the sum of P4,250,000.00 still unpaid on the purchase price of his shares in Hacienda sold to the Phillips corporation; that they sought to accomplish this by having the Bank foreclose the mortgage constituted on the properties of Hacienda and acquire them at the foreclosure sale; that, in fact Hacienda, through Robert O. Phillips, has already conveyed its properties to said Bank; that after acquiring them, the Bank would transfer them all to the hurriedly organized WDC, who would then become their owner and from whom it would be at least difficult to enforce the vendor's lien thereon claimed by petitioner."

[2] The first supplemental petition simply included the Manufacturers Bank and Trust Company and the Victoria Valley Development Corporation as additional respondents. But even before the first supplemental petition could be formally acted upon, Miguel Perez Rubio filed an amended supplemental petition — which was later admitted by this Court — intended to correct minor errors in his previous pleading. Still subsequently, Miguel Perez Rubio filed a" second amended supplemental petition to implead Hacienda Benito, Inc. as additional party respondent with a specific plea that pending the issuance of a writ of preliminary injunction prayed for, the Hacienda Benito, Inc. be restrained from disposing of its properties or assets in any way save in the ordinary course of its business of selling lots in subdivision.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.