

SPS. HILARION GONZALES AND TERESITA GONZALES AND FELIPA SUMAGPANG, PLAINTIFFS-APPELLANTS, VS, RURAL BANK OF GOA, (CAMARINES SUR), INC., REPRESENTED BY ITS PRESIDENT, ERLINDA V. ...

Ponente: CRUZ, R.A. J.

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CRUZ, R.A. J.:

THE CASE

This is an ordinary appeal under Rule 41 of the Rules of Court of the Decision dated December 20, 2010[1] and Order dated May 31, 2011[2] of the Regional Trial Court of San Jose, Camarines Sur, Branch 58 (“RTC”), in Civil Case No. T-1104, a civil case for annulment of levy on execution. The appeal essentially seeks an amendment of the aforementioned RTC Decision and Order which held in favor of defendant-appellee, and dismissed plaintiffs-appellants' case for lack of jurisdiction.

THE ANTECEDENTS

On April 1, 1997, Sps. Hilarion Gonzales and Teresita Gonzales obtained a loan from the Rural Bank of Goa (Camarines Sur), Inc. in the amount of Two Hundred Seventy Thousand Philippine Pesos (P270,000.00), with maturity date on October 4, 1997. Felipa Sumagpang signed as co-maker in the promissory note.[3] This loan was secured by a real estate mortgage[4] constituted over a parcel of land with an area of 3,450 square meters located at Cagmanaba, Ocampo, Camarines Sur covered by TCT No. 27836[5] of the Registry of Deeds for the Province of Camarines Sur in the name of Sps. Felipa Sumagpang, married to Crispulo Sumagpang, by virtue of a Special Power of Attorney executed by the latter in favor of the Sps. Gonzales.

For the failure of the Sps. Gonzales and Felipa Sumagpang to pay the loan on the maturity date, the Rural Bank of Goa filed against them a Complaint for Sum of Money and Damages,[6] docketed as Civil Case No. T-768 before the RTC of San Jose, Camarines Sur, Branch 30. The Rural Bank of Goa prayed for the Sps. Gonzales and Felipa Sumagpang to pay the following: (1) the outstanding principal loan in the amount of Two Hundred Sixty-Nine Thousand Eight Hundred Forty Philippine Pesos (P269,840.00); (2) past due interest charge on the aforesaid loan balance at the rate of 3% per annum from October 5, 1997 until the said loan is fully paid pursuant to the terms and conditions of the promissory note; (3) ten percent (10%) of the total amount due as and for attorney's fees.

During the pre-trial for the case, the parties entered into a Compromise Agreement for which a Decision was rendered by the RTC dated August 18, 1998.[7] The Decision contained the acknowledgment by the Sps. Gonzales and Felipa Sumagpang of their indebtedness to the bank in the amount of Three Hundred Eighty-Eight Thousand Two Hundred Seventy-Six Philippine Pesos (P388,276.00) as of October 31, 1998, inclusive of principal, interest, penalty and other charges. The Sps. Gonzales and Sumagpang also undertook to pay the aforementioned amount in two equal tranches: the first on October 31, 1998 and the second on December 31, 1998. Other claims and counterclaims by any of the parties against each other were waived.

The Sps. Gonzales and Felipa Sumagpang failed to comply with the terms and conditions of the Compromise Agreement and the RTC Decision dated August 18, 1998 based thereon by not paying the aforementioned amounts on the agreed dates. Thus, the Rural Bank of Goa filed a Motion for Writ of Execution dated January 11, 1999[8] which was granted by the RTC.[9] A Writ of Execution was issued by the Clerk of Court dated May 5, 1999.[10]

There being no personal property capable of manual delivery owned by the Sps. Gonzales and Felipa Sumagpang that could be levied to satisfy the judgment of the RTC, Sheriff Rolando Pempeña levied the property mortgaged to the Rural Bank of Goa covered by TCT No. 27836 in the name of Felipa Sumagpang located at Cagmanaba, Ocampo, Camarines Sur, and another real property covered by TCT No. 21337 of the Registry of Deeds for the Province of Camarines Sur also registered in the name of Felipa Sumagpang located at Pinaglabanan, Goa, Camarines Sur.[11]

The Auction Sale of the two real property was set on March 20, 2000 and the Notice of Auction Sale[12] was published in the Bicol Tribune,[13] a weekly newspaper of general circulation in the Bicol region.

During the auction sale of the levied property conducted on March 20, 2000, the Rural Bank of Goa submitted its bids for the two real property: (1) One Hundred Fifty Thousand Philippine Pesos (P150,000.00) for the real property covered by TCT No. 27836 and (2) Three Hundred Ninety-Four Thousand and Sixty-Two Philippine Pesos and 61/100 (P394,062.61) for the real property covered by TCT No. 21337 or a total amount of Five Hundred Forty-Four Thousand and Sixty-Two Philippine Pesos and 61/100 (P544,062.61).[14] The bank was the only bidder.

After the auction sale, Sheriff Pempeña executed Provisional Certificates of Sale dated March 20, 2000 in favor of the Rural Bank of Goa.[15]

After the Sps. Gonzales and Felipa Sumagpang failed to redeem the property within the one (1) year reglementary period for redemption, the sheriff executed the corresponding Definite Certificates of Sale in favor of the bank.[16]

Before the parcels of land could be considered consolidated in the name of the Rural Bank of Goa and the titles transferred to it, the Sps. Gonzales and Felipa Sumagpang filed a Civil Case for Declaration of Nullity of Levy on Execution, Recovery of Ownership, Cancellation of Provisional Certificate of Sale and Reconveyance with Damages[17] before the RTC of San Jose, Camarines Sur, Branch 30, docketed as Civil Case No. T-1104, the subject of this appeal. The Sps. Gonzales and Felipa Sumagpang allege that the auction sale conducted on March 20, 2000 was irregular and invalid since it violated Sec. 19, Rule 39 of the Rules of Court when the sheriff sold the two parcels of land together on the same date and at the same time (10:00a.m.). Another alleged irregularity was that the offered bid was for a total amount of P544,062.61 but the judgment debt was only for P388,276.00, thus there is a difference of P155,786.61. The sheriff did not require the bidder (the bank) to post a bond or make a cash deposit equivalent to the P155,786.61 difference. A parcel of land covered by TCT No. 21337 was not offered as collateral for the loan obligation but was also levied on execution.

The Presiding Judge of Branch 30 of the RTC of San Jose voluntarily inhibited himself from hearing the case because one of the defendants impleaded in the case was Deputy Sheriff Rolando Pempeña. The case was thus raffled to Branch 58, RTC of San Jose, Camarines Sur.

On December 20, 2010, the RTC rendered a Decision dismissing the case for lack of jurisdiction. It specifically held that: "A case in which an execution has been issued is regarded as still pending so that all proceedings on the execution are proceedings in the suit. There is no question that the court which rendered the judgment has a

general requisitory control over the processes of execution, and this power carries with it the right to determine every question of fact and law which may be involved in the execution.”[18]

The Sps. Gonzales and Felipa Sumagpang filed a Motion for Reconsideration of the December 20, 2010 Decision which was denied in the RTC Order dated May 31, 2011.[19]

Aggrieved, the Sps. Gonzales and Felipa Sumagpang filed a Notice of Appeal on June 10, 2011.[20]

THE ASSIGNED ERRORS

I

WHETHER OR NOT THE TRIAL COURT GRAVELY ERRED WHEN IT DISMISSED THE COMPLAINT FOR LACK OF JURISDICTION WITHOUT TAKING INTO CONSIDERATION THAT ORIGINALLY THIS COMPLAINT WAS RAFFLED OFF TO RTC BRANCH 30, THE COURT WHICH RENDERED THE ORIGINAL DECISION BUT THE PRESIDING JUDGE HON. NOEL PAULITE VOLUNTARILY INHIBITED HIMSELF SINCE THE DEFENDANT DEPUTY SHERIFF ROLANDO PEMPEÑA IS THE SHERIFF OF SAID BRANCH;

II

WHETHER OR NOT THE TRIAL COURT GRAVELY ERRED IN ITS DENIAL OF THE MOTION FOR RECONSIDERATION FILED BY HEREIN PLAINTIFFS-APPELLANTS WHO RELIED ON THE CASE OF JULIAN SY, ET AL. V. JAIME D. DISCAYA, ET AL. (G.R. No. 86301, January 23, 1990) AND NOT THE CASE OF JOSE CABARAL TIU v. FIRST PLYWOOD CORP. (G.R. No. 176123, March 10, 2010) RELIED UPON BY THE LOWER COURT, HENCE, THE RTC BRANCH 58 HAS JURISDICTION OVER THE COMPLAINT;

III

WHETHER OR NOT THE TRIAL COURT GRAVELY ERRED WHEN IT FAILED TO RULE IN FAVOR OF HEREIN PLAINTIFFS-APPELLANTS THAT THE AUCTION SALE CONDUCTED BY THE DEFENDANT DEPUTY SHERIFF ROLANDO PEMPEÑA ON MARCH 20, 2000 WAS IRREGULAR, INVALID AND NULL AND VOID HENCE IT HAS NO FORCE AND EFFECT AND CONFERS NO TITLE TO THE DEFENDANTS-APPELLEES.

Sps. Hilarion and Teresita Gonzales and Felipa Sumagpang, as plaintiffs-appellants in this case, argue that the RTC erred in dismissing their action for the declaration of nullity of the levy on execution, among others, for lack of jurisdiction. It is not their fault that the complaint was first raffled to the sala of Judge Noel Paulite of Branch 30 who voluntarily inhibited himself from hearing the case on January 8, 2009 since Deputy Sheriff Rolando Pempeña, one of the defendants in the case, was the sheriff of the said branch. Since there were only two (2) salas in the RTC of San Jose, Camarines Sur, it was inevitable that the case would be transferred to Branch 58 which rendered the assailed Decision dismissing plaintiffs-appellants' case.[21]

The Rural Bank of Goa, Our defendant-appellee, argues, on the other hand, that Branch 30, RTC of San Jose, has acquired exclusive jurisdiction in Civil Case No. T-768, the first case for collection of sum and money which resulted into a judgment based on a compromise agreement, and rendered judgment which had become final and executory. It therefore retained jurisdiction over the judgment to the exclusion of other coordinate courts.[22]

OUR RULING

We REVERSE and SET ASIDE the RTC Decision dated December 20, 2010 because the RTC erred in holding that it had no jurisdiction to hear the case. However, We DISMISS the appeal for the failure of the plaintiffs-appellants to prove their allegation that there were irregularities in the conduct of the auction sale which rendered the same to be null and void.

The first issue in this appeal is whether Branch 58 of the RTC of San Jose, Camarines Sur, was correct in dismissing the case for declaration of nullity of levy and execution filed by the plaintiffs-appellants before the same RTC. Simply put, did Branch 58 have jurisdiction over the case or can it take cognizance of the same when it was Branch 30 of the same RTC which rendered the Decision in Civil Case No. T-768, the complaint for sum of money filed by the defendant-appellee bank against herein plaintiffs-appellants?

We find that Branch 58 should have taken cognizance of this case filed by plaintiffs-appellants.

The general rule is that a court cannot interfere with the decisions and orders of another court of equal jurisdiction. This was laid down in *Heirs of Spouses Pugsong v. Heirs of Sps. Anchales*,^[23] viz:

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“The long standing doctrine is that no court has the power to interfere by injunction with the judgments or decrees of a court of concurrent or coordinate jurisdiction. The various trial courts of a province or city, having the same or equal authority, should not, cannot, and are not permitted to interfere with their respective cases, much less with their orders or judgments. A contrary rule would obviously lead to confusion and seriously hamper the administration of justice.”^[24] (Citations omitted.)

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In *Sps. Alfredo and Encarnacion Ching v. Court of Appeals, et al.*,^[25] We are reminded of the same long-standing doctrine in this wise:

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“The Makati annulment case should have been dismissed from the start for lack of jurisdiction. The RTC of Makati does not have the authority to nullify the levy and sale on execution that was ordered by the CFI of Manila, a co-equal court. The determination of whether or not the levy and sale of a property in execution of a judgment was valid, properly falls within the jurisdiction of the court that rendered the judgment and issued the writ of execution.”^[26]^[26]

Beginning with the case of *Orais v. Escaño*,^[27]^[27] down to the subsequent cases of *Nuñez v. Low*,^[28]^[28] *Cabigao v. del Rosario*,^[29]^[29] *Hubahib v. Insular Drug Co., Inc.*,^[30]^[30] *National Power Corp. v. De Veyra*,^[31]^[31] *Luciano v. Provincial Governor*,^[32]^[32] *De Leon v. Hon. Judge Salvador*,^[33]^[33] *Cojuangco v. Villegas*,^[34]^[34] *Darwin v. Tokonaga*,^[35]^[35] we laid down the long standing doctrine that no court has the power to interfere by injunction with the judgments or decrees of a court of concurrent or coordinate jurisdiction. The various trial courts of a province or city, having the same or equal authority, should not, cannot, and are not permitted to interfere with their respective cases, much less with their orders or judgments. A contrary rule would obviously lead to confusion and seriously hamper the administration of justice.”

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Similarly, in its Decision dated December 20, 2010, Branch 58, RTC of San Jose, Camarines Sur, (“RTC”) relied on the case of *Jose Cabaral Tiu v. First Plywood Corporation*,^[36] in dismissing plaintiffs-appellants' case for lack of jurisdiction. The Tiu case held that:

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“The various branches of the RTC, having as they do have the same or equal authority and exercising as they do concurrent and coordinate jurisdiction, should not, cannot and are not permitted to intervene with their respective cases, much less with their orders or judgments. A contrary rule would lead to confusion and seriously hamper the administration of justice.”[37] (Citations omitted.)

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It is now incumbent upon Us to review the Tiu case and the rationale the RTC underscored in its assailed Decision. We quote the RTC Decision which quoted, in turn, the Tiu case, to wit:

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“Verily, the Manila RTC lacked jurisdiction over the nature of the action filed by FPC. The Pagadian RTC which rendered the decision and ordered the execution sale should settle the whole controversy. Pursuant to the principle of judicial stability, the judgment or order of a court of competent jurisdiction, Pagadian RTC in this case, may not be interfered with by any court of concurrent jurisdiction (i.e., another RTC), for the simple reason that the power to open, modify or vacate the said judgment or order is not only possessed by but is restricted to the court in which the judgment or order is rendered or issued.” (Citations omitted.)[38]

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The Tiu case is not applicable here because in that case, the complaint for annulment of execution sale with damages was filed before the Manila RTC and not the Pagadian RTC which decided the specific performance with injunction case and approved the conduct of the auction sale of the subject property. Here, plaintiffs-appellants filed the case for the nullification of the levy on execution case before the same RTC of San Jose, Camarines Sur. It should be emphasized that Branch 30, to whom the case was originally raffled, was the same court which decided, based on a compromise agreement, for plaintiffs-appellants to pay the acknowledged amount of total debt in the manner stipulated in the compromise agreement. It was not the fault of plaintiffs-appellants if the presiding judge of Branch 30 voluntarily inhibited himself from hearing the case because one of the defendants in the case was the sheriff of the same branch. Inevitably, the appealed case was re-raffled to another branch of the Court, that is Branch 58. To disallow Branch 58 from taking cognizance of the case when the presiding judge of Branch 30, which issued the Decision for which execution was sought, inhibited himself from hearing the case would lead to the absurd predicament that there is no branch, even from the same RTC, which can hear the said case. That would obviously lead to injustice as plaintiffs-appellants would be left with no legal remedy available to them. Enforcement of procedural rules should never be permitted if it will result in prejudice to the substantive rights of the litigants.[39] It must also be stressed that the Regional Trial Court of San Jose, Camarines Sur, is only one court albeit with two (2) branches, and while indeed Branch 58 should not, cannot and is not permitted to interfere with the processes of Branch 30, under the circumstances of this case where the presiding judge of Branch 30 inhibited from hearing the case, it was not correct for the presiding judge of Branch 58 to dismiss the case for lack of jurisdiction.

However, while We find that the RTC erred in dismissing the case due to lack of jurisdiction, We find that the plaintiffs-appellants failed to show that the conduct of the auction sale was tainted with irregularities sufficient to render the same null and void.

Aside from bare allegations in their Memorandum dated November 22, 2009, plaintiffs-appellants were unable to convince Us that indeed the bids offered by defendant-appellee were made belatedly since the scheduled public auction sale on March 20, 2000 was at 10:00a.m. but the bids were only offered at 1:20p.m. and 4:30p.m. by the bank. They also failed to substantiate their claim that the two parcels of land subject of the auction sale were not

sold separately, as provided in Sec. 19, Rule 39 of the Rules of Court.[40]

More importantly, the auction sale alleged to be tainted with irregularities was conducted as early as March 20, 2000. Plaintiffs-appellants did not redeem the property within the redemption period nor did they complain about the conduct of the auction sale immediately thereafter. It was only on November 26, 2008 or eight (8) years after the auction sale when they decided to institute this case (complaint for declaration of nullity of levy on execution, recovery of ownership, cancellation of provisional certificate of sale, reconveyance with damages). Their action is prescribed by laches.

In the case of *Buenaventura v. Court of Appeals*,[41] laches was explained, to wit:

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“Laches applies in equity, whereas prescription applies at law. Prescription is based on fixed time; laches is not.”

The essential elements of the principle of laches are all present herein, to wit:

‘. . . (1) conduct on the part of the defendant, or one under whom he claims, giving rise to the situation that led to the complaint and for which the complaint seeks a remedy; (2) delay in asserting the complainant's rights, the complainant having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant or the suit is not held barred.’ (*Yusingco vs. Ong Hing Lian*, 42 SCRA 589.)”[42]

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Obviously, plaintiffs-appellants instituted this case merely to prevent the defendant-appellee from consolidating their ownership on the real property that have already been auctioned a long time ago as a result of plaintiffs-appellants' failure to abide by the judgment based on a compromise agreement where they acknowledged their debt to the defendant-appellee bank. For the abject delay in asserting their rights in questioning the conduct of the auction sale, the doctrine of laches should apply and plaintiffs-appellants should be barred from contesting the said sale.

WHEREFORE, premises considered, the RTC Decision dated December 20, 2010 dismissing the case for lack of jurisdiction is REVERSED and SET ASIDE. However, for failure of the plaintiffs-appellants to prove that the auction sale was tainted with irregularities, the appeal is DISMISSED.

No costs.

SO ORDERED.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

Abdulwahid, H.S., Chairperson, and [**]Inting, S.B., JJ., concur.

[*] Acting Senior Member per Office Order No. 238-14-ABR dated May 23, 2014.

[**] Acting Junior Member per Office Order No. 238-14-ABR dated May 23, 2014.

[1] Penned by Hon. Ma. Angela Acompañado-Arroyo; Rollo, 34-39.

[2] Penned by Hon. Ma. Angela Acompañado-Arroyo; Rollo, 40-43.

[3] Records, 41.

[4] Records, 42-43.

[5] Records, 9-10.

[6] Records, 7-8.

[7] Records, 13-14.

[8] Records, 15-16.

[9] RTC Order not attached to the case records.

[10] Records, 17.

[11] See Notice of Auction Sale; Records, 24-25.

[12] Ibid.

[13] Records, 62-63.

[14] Records, 64-65.

[15] Records, 66-69.

[16] Records, 70-73.

[17] Records, 1-6.

[18] Page 6 of the Decision; Rollo, 39.

[19] Rollo, 40-43.

[20] Records, 174-175.

[21] Appellants' Brief, 9; Rollo, 28.

[22] Appellee's Brief, 5; Rollo, 51.

[23] G.R. No. 174582, October 11, 2012.

[24] Ibid.

[25] G.R. No. 118830, February 24, 2003.

[26] Ibid., citing *Rejuso v. Estinopa*, 72 SCRA 509 (1976).

[27] Ibid., citing 14 Phil. 208 (1909).

[28] Ibid., citing 19 Phil. 244 (1911).

[29] Ibid., citing 44 Phil. 182 (1922).

[30] Ibid., citing 64 Phil. 119 (1937).

[31] Ibid., citing 3 SCRA 646 (1961).

[32] Ibid., citing 28 SCRA 517 (1969).

[33] Ibid., citing 36 SCRA 567 (1970).

[34] Ibid., citing 184 SCRA 374 (1990).

[35] Ibid., citing 197 SCRA 442 (1991).

[36] G.R. No. 176123, March 10, 2010.

[37] Ibid.

[38] Decision, 5; Rollo, 38.

[39] Bank of the Philippine Islands v. Court of Appeals, et al., G.R. No. 168313, October 6, 2010.

[40] The provision partly reads, as follows: “xxx When the sale is of real property, consisting of several known lots, they must be sold separately, or, when a portion of such real property is claimed by a third person, he may require it to be sold separately. xxx”

[41] G.R. No. 50837, December 28, 1992.

[42] Ibid.

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