

WILSON DIU AND DORCITA DIU, PETITIONERS, VS. COURT OF APPEALS, PETER LYNDON BUSHNELL AND PATRICIA PAGBA, RESPONDENTS.

G.R. No. 115213. December 19, 1995

Ponente: REGALADO, J.

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REGALADO, J.:

Before us is an appeal by certiorari from the judgment of the Court of Appeals[1] setting aside the decision of the Regional Trial Court of Naval, Biliran, Branch 16,[2] without prejudice to the refile of the case by petitioners after due compliance with the provisions of Presidential Decree No. 1508, otherwise known as the "Katarungang Pambarangay Law."

Prefatorily, the Court desires to digress and call attention to the lamentable saga of delay in the dispensation of justice and the regrettable abuse of judicial processes exemplified by this case. For, if just to collect an indebtedness of P7,862.55 incurred way back in 1988, the proceedings had to go through all the rungs of the judicial ladder and still present the prospect of hereafter infringing again upon the time of this Court and three other courts, such protraction being manipulated by trifling with the very law which ironically was intended to prevent such delay, then the bench and the bar should soberly reflect thereon and now take stock of themselves. Indeed, it is not improbable that there are other cases agonizing under the same ennui created by our courts.

Coming now to the case at hand, it appears that on several occasions from January 8, 1988 up to and until April 18, 1989, private respondent Patricia Pagba purchased on credit various articles of merchandise from petitioners' store at Naval, Biliran, all valued at P7,862.55, as evidenced by receipts of goods marked as Annexes "A" to "O" of petitioner's Manifestation filed in the trial court, dated August 9, 1991. Private respondents failed to pay despite repeated demands.

Petitioners brought the matter before the Barangay Chairman of Naval and the latter set the case for hearing, but private respondents failed to appear. When the case was again set for hearing, the parties appeared but they failed to reach an amicable settlement. Accordingly, the barangay chairman issued a Certification to File Action.[3] Petitioners then filed their complaint for a sum of money before the Municipal Trial Court of Naval.

Private respondents, in their Answer,[4] while admitting the indebtedness to petitioner, interposed two counterclaims, namely, (1) one for P6,227.00 as alleged expenses for maintenance and repair of the boat belonging to petitioners, and (b) another for P12,000.00 representing the cost of the two tires which petitioners allegedly misappropriated. Private respondents likewise alleged that despite the confrontations before the barangay chairman, petitioners refused to pay their just and valid obligations to private respondent and her husband.

Aside from petitioners claim and private respondents' counterclaims, the Municipal Trial Court of Naval also resolved the issue on whether or not there was compliance with the provisions of Presidential Decree No. 1508 on conciliation. In resolving the said issue, the trial court relied on the case of *Tijam vs. Sibonghanoy*[5] which held

that:

"While petitioners could have prevented the trial court from exercising jurisdiction over the case by seasonably taking exception thereto, they instead invoked the very same jurisdiction by filing an answer and seeking affirmative relief from it. What is more, they participated in the trial of the case by cross-examining the respondent. Upon this premise, petitioner cannot now be allowed belatedly to adopt an inconsistent posture by attacking the jurisdiction of the court to which they had submitted themselves voluntarily." [6]

However, said lower court dismissed the complaint by ruling against the admissibility of Exhibits "E-1" to "E-15", which are the receipts of good marked as Annexes "A" to "O" of petitioners' manifestation therein, for not having been properly identified in court. [7]

On private respondents' counterclaims, said trial court also ruled that the same had been settled when the contending parties entered into a compromise agreement which was approved on January 9, 1989 by the Regional Trial Court of Naval, Branch 16, in another action between them, that is, Civil Case No. B-0719. [8]

Due to the dismissal of the complaint, petitioners appealed to the aforementioned Regional Trial Court pursuant to Section 22 of Batas Pambansa Blg. 129. Said appellate court, however, did not find it necessary to pass upon the issue of the alleged non-compliance, with Presidential Decree No. 1508 but, instead, decided the appeal on the merits. Modifying the decision of the lower court, the Regional Trial Court held that:

"The case should have proceeded to its conclusion under the Revised Rules on Summary Procedure and the regular procedure prescribed in the Rules of Court applies to the special cases only in a suppletory capacity insofar as they are not inconsistent. x x x

"The claim of the plaintiff is less than P10,000.00. It properly falls under the Rule on Summary Procedure. The only pleadings allowed are complaints, compulsory counterclaims and cross claims pleaded in the answer, and the answers thereto. The case could have been decided based on affidavits of the witnesses and other evidence on the factual issues defined in the order of the Court, after the preliminary conference, together with the position papers setting forth the law and the facts relied upon by the parties.

"The need for a formal offer, identification and cross-examination on Exhibits 'E-1' to 'E-15' was not necessary. The said exhibits were inadmissible (sic). The receipts constituted evidence of indebtedness and their possession by the plaintiff at the commencement of the suit gives rise to the legal presumption that the debts in the total amount of P7,862.66 have not been paid.

"Where, under the contract of sale, the ownership of the goods has passed to the buyer and he wrongfully neglects or refuses to pay for the goods according to the terms of the contract of sale, the seller may maintain an action against him for the price of the goods." [9]

Accordingly, it rendered judgment in favor of herein petitioners and ordered private respondent Patricia Pagba to pay the former the amount of P7,862.55 plus legal interest from July, 1991, P1,000.00 as attorney fees, and the costs of suit.

Private respondents then went to the Court of Appeals, raising just two issues, viz.: (1) whether or not the Regional Trial Court erred in not making a factual finding that herein petitioners did not comply with Presidential Decree No. 1508; and (2) whether or not said Regional Trial Court erred in not dismissing the appeal or case for non-compliance with the mandatory provisions of Presidential Decree No. 1508. [10]

Respondent Court of Appeals set aside the judgment of the Regional Trial Court, on the ground that there had been no compliance with Presidential Decree No. 1508, with this ratiocination:

"It is, therefore, clear that if efforts of the barangay captain to settle the dispute fails, the Pangkat ng

Tagapagkasundo shall be constituted with the end in view of exploring all possibilities of amicable settlement. If no conciliation or settlement has been reached pursuant to the aforesaid rules, the matter may then be brought to the regular courts.

"In the case at bar, it has been established that there was no valid conciliation proceeding between the parties. The efforts of the barangay captain of Catmon, Naval, Biliran to mediate the dispute between the parties having failed, the Pangkat ng Tagapamayapa should have been constituted for purposes of settling the matter. However, the Pangkat was not constituted, instead, a Certification to File Action was issued by the barangay captain in favor of respondent spouses Diu. In the same case of Ramos vs. Court of Appeals, 174 SCRA 690, the Supreme Court ruled that the 'Punong Barangay has no right to say that referral to the Pangkat was no longer necessary merely because he himself has failed to work out an agreement between the petitioner and private respondent. Dispute should not end with the mediation proceeding before the Punong Barangay because of his failure to effect a settlement x x x.' In Bejer vs. Court of Appeals, 169 SCRA 566, it was held that 'failure to avail of conciliation process under P.D. 1508, x x x renders the complaint vulnerable to a timely motion to dismiss.' Inasmuch as petitioner has pleaded in his answer the lack of cause of action of respondent, objection to the complaint has been timely made." [11]

The basic issue to be resolved in the instant petition is whether or not the confrontations before the Barangay Chairman of Naval satisfied the requirement therefor in Presidential Decree No. 1508. This Court finds for petitioners.

It must be noted that Presidential Decree No. 1508 has been repealed by codification in the Local Government Code of 1991 [12] which took effect on January 1, 1992. The basic complaint was filed by petitioners before the trial court on July 10, 1991 before the effectivity of the Local Government Code. Nevertheless, Sections 4 and 6 of the former law have been substantially reproduced in Sections 410(b) and 412, respectively, of the latter law. The pertinent provisions read as follows:

"SEC. 410. PROCEDURE FOR AMICABLE SETTLEMENT. -- (b) x x x. If he (lupon chairman) fails in his mediation effort within fifteen (15) days from the first meeting of the parties before him, he shall forthwith set a date for the constitution of the pangkat in accordance with the provisions of this chapter."

"SEC. 412. CONCILIATION. — (a) Precondition to filing of Complaint in Court. —n No complaint x x x shall be filed or instituted in court x x x unless there has been a confrontation of the parties before the lupon chairman or the pangkat, and that no conciliation or settlement has been reached as certified by the lupon secretary or pangkat secretary as attested to by the lupon or pangkat chairman x x x."

In the case at bar, it is admitted that the parties did have confrontations before the Barangay Chairman of Naval although they were not sent to the pangkat as the same was not constituted. Their meetings with said barangay chairman were not fruitful as no amicable settlement was reached. This prompted the issuance of the following Certification to File Action: [13]

"This is to certify that:

Respondent, Patricia Pagba admitted her indebtedness with complainant but she refused to pay because according to her, complainant has also an unsettled accounts (sic) with her husband. Hence no settlement/conciliation was reached and therefore the corresponding complaint for the dispute may now be filed in court.

Date(d) this 10th day of July 1991.

(Sgd.) JHONY C. JEREZ

Lupon Pangkat Chairman

Attested:

(Sgd.) IRENEO DOCALLOS
Lupon/Pangkat Secretary"

According to private respondent, however, the above certification is "falsified" since no pangkat was constituted. She, therefore, insists that petitioners have not complied with the mandatory provision of Presidential Decree No. 1508 on compulsory arbitration. We disagree.

While no pangkat was constituted, it is not denied that the parties met at the office of the barangay chairman for possible settlement.[14] The efforts of the barangay chairman, however, proved futile as no agreement was reached. Although no pangkat was formed, we believe that there was substantial compliance with the law. It is noteworthy that under Section 412 of the Local Government Code aforequoted, the confrontation before the lupon chairman OR the pangkat is sufficient compliance with the pre-condition for filing the case in court.

This is true notwithstanding the mandate of Section 410(b) of the same law that the barangay chairman shall constitute a pangkat if he fails in his mediation efforts. Section 410(b) should be construed together with Section 412, as well as the circumstances obtaining in and peculiar to the case. On this score, it is significant that the barangay chairman or punong barangay is himself the chairman of the lupon under the Local Government Code.[15]

From the foregoing facts, it is undeniable that there was substantial compliance with Presidential Decree No. 1508 which does not require strict technical compliance with its procedural requirements. Under the factual antecedents, it cannot be said that the failure of the parties to appear before the pangkat caused any prejudice to the case for private respondents considering that they already refused conciliation before the barangay chairman and, as will hereafter be discussed, their sham insistence for a meeting before the pangkat is merely a ploy for further delay. We are thus forced to remind them that technicalities should not be made to desert their true role in our justice system, and should not be used as obstructions therein.

The court a quo was likewise correct in invoking the doctrine in *Tijam* and, as indicated by the factual scenario in this case, private respondents are clearly in estoppel to assail the jurisdiction of the two lower courts. It is also worth stressing that while the case was filed when Presidential Decree No. 1508 was still in force, the procedural provisions of the Local Government Code, which we have earlier noted as being supportive of the validity of the conciliation proceedings, are also applicable to this case. Statutes regulating procedure in courts are applicable to actions pending and undetermined at the time of their passage. Procedural laws are retrospective in that sense.[16]

To indulge private respondents in their stratagem will not only result in a circuitous procedure but will necessarily entail undue and further delay and injustice. This is inevitable if this Court should dismiss the complaint and require the parties to meet before the pangkat, only to bring the case all over again through the hierarchy of courts and ultimately back to us for decision on the merits. Obviously, this is the game plan of private respondents. For, when private respondents appealed to respondent court, they did not at all assail the propriety or correctness of the judgment of the Regional Trial Court holding them liable to petitioners for the sum of money involved. Such primary substantive issue, therefore, has been laid to rest, but private respondents would wish to keep the case alive merely on a conjured procedural issue invoking their supposed right to confrontation before the pangkat.

However, from the very start of this action, private respondents failed to show or evince any honest indication that they were willing to settle their obligations with petitioners, notwithstanding the efforts of the latter to submit the matter to conciliation. It is, therefore, quite obvious that their insistence on technical compliance with the requirements of the barangay conciliation process is a dilatory maneuver. This is an evident and inevitable conclusion since the main argument of respondents in this petition is only the supposed failure of petitioners to

comply with the barangay conciliatory procedure and not the denial or repudiation of their indebtedness.

We do not agree with the findings of respondent appellate court that inasmuch as private respondents pleaded in their answer the alleged lack of cause of action of petitioners, an objection to the complaint had been timely made. It will be readily observed that said defense was only one of the six affirmative defenses cryptically alleged in single short sentences in private respondents' Answer in the court a quo, running the implausible gamut from supposed defects in parties to res judicata and up to capacity to sue, without any statement of the facts on which they would rely to support such drivel. This calculated travesty of the rules on pleadings betrays the ulterior motives of private respondents and cannot be countenanced.

The failure of private respondents to specifically allege that there was no compliance with the barangay conciliation procedure constitutes a waiver of that defense. All that they alleged in their Answer in the trial court was that "the complaint states no cause of action" without giving even the semblance of any reason to support or explain that allegation. On the other hand, they admitted the confrontations before the barangay chairman in paragraph 13 of their Answer.[17]

Since private respondents failed to duly raise that issue, their defense founded thereon is deemed waived, especially since they actually did not pursue the issue before the case was set for hearing. Also, the conciliation procedure under Presidential Decree No. 1508 is not a jurisdictional requirement and non-compliance therewith cannot affect the jurisdiction which the lower courts had already acquired over the subject matter and private respondents as defendants therein.[18]

ACCORDINGLY, the instant petition is GRANTED. The judgment of respondent Court of Appeals in C.A.-G.R. SP No. 30962 is hereby SET ASIDE, and the judgment of the Regional Trial Court of Naval, Biliran, Branch 16, in Civil Case No. B-0842 is hereby REINSTATED, with costs against private respondents.

SO ORDERED.

Narvasa, C.J., Puno, Mendoza, and Francisco, JJ., concur.

[1] CA-G.R. SP No. 30962, promulgated on January 17, 1994; penned by Justice Manuel C. Herrera, with the concurrence of Justices Cezar D. Francisco and Buenaventura J. Guerrero.

[2] Civil Case No. B-0842; Judge Enrique C. Asis, presiding.

[3] Rollo, CA-G.R. SP No. 30962, 17.

[4] Ibid., id., 19-21.

[5] L-21450, April 15, 1968, 23 SCRA 29.

[6] Rollo, CA-G.R. SP No. 30962, 26-27.

[7] Ibid., id., 28.

[8] Ibid., id., 27.

[9] Ibid., id., 12-16.

[10] Ibid., id., 6-7.

[11] Ibid., id., 104.

[12] Sections 399-422, Chapter 7, Title One, Book III, R.A. No. 7160.

[13] Rollo, CA-G.R. SP No. 30962, 97.

[14] TSN, August 11, 1992, 21.

[15] SEC. 399. LUPONG TAGAPAMAYAPA. - (a) There is hereby created in each barangay a lupong tagapamayapa, hereinafter referred to as the lupon, composed of the punong barangay as chairman and ten (10) to twenty (20) members. x x x.

[16] People vs. Sumilang, 77 Phil. 764 (1946); Liam Law vs. Olympic Sawmill Co., et al., L-30771, May 28, 1984, 129 SCRA 439.

[17] Rollo, 24.

[18] Agbayani, et al. vs. Belen, etc., et al., G.R. No. 65629, November 24, 1986, 145 SCRA 635; Fernandez, et al. vs. Militante, etc., et al., G.R. No. 59801, May 31, 1988, 161 SCRA 695.

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