SECURITY BANK CORPORATION (FORMERLY SECURITY BANK AND TRUST COMPANY), PETITIONER, VS. INDIANA AEROSPACE UNIVERSITY, THE BRANCH SHERIFF, REGIONAL TRIAL COURT OF MUNTINLUPA CITY, ...

G.R. No. 146197. June 27, 2005

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

Before this Court is a petition for review[1] assailing the 22 February 2000 and 29 November 2000 Resolutions[2] of the Court of Appeals in CA-G.R. SP No. 56534. The Court of Appeals denied the petition of Security Bank and Trust Company ("Security Bank") for failure to comply with Section 3, Rule 46 of the 1997 Rules of Civil Procedure as amended by Supreme Court Circular No. 39-98.[3]

The Antecedent Facts

On 20 September 1996, Security Bank as mortgagee and Innovatech Development and Management Corporation ("Innovatech") as mortgagor entered into a real estate mortgage. Innovatech secured its P25,000,000 loan from Security Bank with a mortgage on fourteen condominium units located at Tito Jovy Tower, Buencamino St., Alabang, Muntinlupa City with Condominium Certificates of Title No. 41863, 41864, 41865, 41866, 41867, 41868, 41869, 41870, 41871, 41872, 41873, 41875, 41876 and 41877 of the Register of Deeds of Makati City.

In a letter[4] dated 1 July 1997, Inigo A. Nebrida and Librada C. Nebrida, Innovatech's Vice-President and Treasurer, respectively, informed Security Bank that Innovatech sold the fourteen condominium units to Indiana Aerospace University ("Indiana") of Mactan, Cebu. Innovatech provided Security Bank with copies of the Deed of Sale with Assumption of Mortgage[5] it made with Indiana as well as Indiana's loan application with Bank of Southeast Asia for P69,000,000. According to Innovatech, part of the proceeds of Indiana's loan with the Bank of Southeast Asia would be used to pay the loan with Security Bank.

The loan with Security Bank matured on 19 September 1997 without payment from either Innovatech or Indiana. Consequently, Security Bank filed a petition for notarial foreclosure of the fourteen condominium units under Act No. 3135,[6] as amended by Act No. 4118. The public auction was held on 29 January 1998, at 10:00 a.m., at the City Hall of Muntinlupa City. During the public auction, the condominium units were sold for P32,839,290 to Security Bank as the only and highest bidder.

On 25 February 1998, Innovatech filed an action against Security Bank for Annulment of Extrajudicial Foreclosure Sale and Certificate of Sale, Reconveyance of Properties and Damages with Prayer for Temporary Restraining Order and Writ of Preliminary Injunction. On 26 March 1998, the Regional Trial Court of Muntinlupa City, Branch 256 ("trial court") granted the Writ of Preliminary Injunction in favor of Innovatech.

The 26 March 1998 Order became the subject of a petition for certiorari docketed as CA-G.R. SP No. 49326 filed by Security Bank before the Court of Appeals. In its Decision[7] promulgated on 24 August 1999,[8] the Court of Appeals dismissed Security Bank's petition for lack of merit. However, in an Amended Decision promulgated on 8 June 2000,[9] the Court of Appeals set aside its 24 August 1999 Decision and nullified the writ of preliminary injunction issued by the trial court. Innovatech filed a motion for reconsideration of the Amended Decision but the Court of Appeals denied the motion in its Resolution of 19 February 2002.[10] Innovatech filed a petition, docketed as G.R. No. 152157, before this Court. This Court denied the petition in its 10 April 2002 Minute Resolution and denied with finality Innovatech's motion for reconsideration on 6 September 2002.

Meanwhile, on 22 June 1998, Indiana filed a Complaint-in-Intervention with prayer for the issuance of Temporary Restraining Order and/or Preliminary Prohibitory and Mandatory Injunction.

On 1 February 1999, the trial court issued an Order[11] the dispositive portion of which reads:

> WHEREFORE, the Writ of Preliminary Mandatory Injunction is GRANTED. Subject to the filing of a bond in the amount of P1,000,000.00 by Plaintiff-Intervenor to pay the damages which Defendant may sustain by reason of the issuance of the Writ of Preliminary Mandatory Injunction, if this Court should finally decide that Plaintiff-Intervenor is not entitled thereto, the Office of the Registry of Deeds of Makati City and any person acting in its behalf, are hereby directed to cancel the registration and annotation of the Certificate of Sale dated January 29, 1998 at the back of Condominium Certificates of Title [N]os. 41863, 41864, 41865, 41866, 41867, 41868, 41869, 41870, 41871, 41872, 41873, 41875, 41876 and 41877 which was inscribed thereon on February 3, 1998 and known as Entry [N]o. 1454/CCT 41863. And since the regularity of the extrajudicial foreclosure proceedings conducted by the Notary Public in connection with the condominium units covered by the aforementioned condominium certificates of title is one of the issues in this case, the Office of the Registry of Deeds and any person acting in its behalf are likewise enjoined and prohibited from subsequently undertaking the registration and annotation of the Certificate of Sale dated January 29, 1998 at the back of Condominium Certificates of Title [N]os. 41863, 41864, 41865, 41866, 41867, 41868, 41869, 41870, 41871, 41872, 41873, 41875, 41876 and 41877 until further order from this Court and trial on the merits of the instant case.
>
> Set this case for hearing on the merits on February 12 and 24, 1999 both at 9:30 a.m.
>
> SO ORDERED.[12]

Security Bank moved for reconsideration of the Order. In its Order[13] of 3 November 1999, the trial court denied Security Bank's motion for lack of merit.

Security Bank went to the Court of Appeals for relief.

The Resolutions of the Court of Appeals

In its assailed Resolution of 22 February 2000,[14] the Court of Appeals denied due course to Security Bank's petition. The Court of Appeals ruled:

> x x x However, the petition does not indicate the dates when petitioner received a copy of the Order dated 01 February 1999 and when the Motion for Reconsideration was filed in violation of Section 3, Rule 46 of the 1997 Rules of Civil Procedure as amended by Circular 39-98 (Italics supplied) which provides:
>
> "Sec. 3. Contents and filing of petition; effect of non-compliance with requirements. — x x x In actions filed under Rule 65, the petition shall further indicate the material dates showing when notice of the judgment or final order or resolution subject thereof was received, when a motion for new trial or reconsideration, if any, was filed and when notice of the denial thereof was received. . . .

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The failure of the petitioner to comply with any of the foregoing requirements shall be sufficient ground for the dismissal of the petition."

WHEREFORE, in view of the foregoing, the petition is hereby DENIED DUE COURSE and consequently DISMISSED.

SO ORDERED.[15]

Security Bank filed a motion for reconsideration. However, in its Resolution of 29 November 2000,[16] the Court of Appeals denied Security Bank's motion.

Hence, the recourse to this Court.

The Issue

The sole issue for resolution is whether the Court of Appeals erred in dismissing Security Bank's petition on mere technicality despite the bank's substantial compliance with Section 3, Rule 46 of the 1997 Rules of Civil Procedure as amended by Circular No. 39-98.

Security Bank asserts that the date of filing of the motion for reconsideration appears in the body of the petition. Security Bank likewise contends that the certified true copy of the 1 February 1999 Order attached to the petition clearly shows the stamped date of receipt of the Order. Hence, Security Bank insists that the petition substantially complies with Section 3, Rule 46 of the 1997 Rules of Civil Procedure as amended by Circular No. 39-98.

The Ruling of This Court

The petition has merit.

Section 3, Rule 46 of the 1997 Rules of Civil Procedure, as amended by Circular No. 39-98, provides:

> RULE 46
>
> SEC. 3. Contents and filing of petition; effect of non-compliance with requirements. — The petition shall contain the full names and actual addresses of all the petitioners and respondents, a concise statement of the matters involved, the factual background of the case, and the grounds relied upon for the relief prayed for.
>
> In actions filed under Rule 65, the petition shall further indicate the material dates showing when notice of the judgment or final order or resolution subject thereof was received, when a motion for new trial or reconsideration, if any, was filed and when notice of the denial thereof was received.
>
> It shall be filed in seven (7) clearly legible copies together with proof of service thereof on the respondent with the original copy intended for the court indicated as such by the petitioner, and shall be accompanied by a clearly legible duplicate original or certified true copy of the judgment, order, resolution, or ruling subject thereof, such material portions of the record as are referred to therein, and other documents relevant or pertinent thereto. The certification shall be accomplished by the proper clerk of court or by his duly authorized representative, or by the proper officer of the court, tribunal, agency or office involved or by his duly authorized representative. The other requisite number of copies of the petition shall be accompanied by clearly legible plain copies of all documents attached to the original.
>
> The petitioner shall also submit together with the petition a sworn certification that he has not theretofore commenced any other action involving the same issues in the Supreme Court, the Court of Appeals or different divisions thereof, or any other tribunal or agency; if there is such other action or proceeding, he must state the status of the same; and if he should thereafter learn that a similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals, or different divisions thereof, or any other tribunal or

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> agency, he undertakes to promptly inform the aforesaid courts and other tribunal or agency thereof within five (5) days therefrom.
>
> The petitioner shall pay the corresponding docket and other lawful fees to the clerk of court and deposit the amount of P500.00 for costs at the time of the filing of the petition.
>
> The failure of the petitioner to comply with any of the foregoing requirements shall be sufficient ground for the dismissal of the petition.

The Rules clearly provide that non-compliance with any of the requirements shall be a sufficient ground for the dismissal of the petition. If we apply the Rules strictly, we cannot fault the Court of Appeals for dismissing Security Bank's petition. The Court of Appeals merely followed the Rules. However, in the exercise of its equity jurisdiction this Court may disregard procedural lapses so that a case may be resolved on its merits based on the evidence presented by the parties.[17] Rules of procedure should promote, not defeat, substantial justice.[18] Hence, the Court may opt to apply the Rules liberally to resolve the substantial issues raised by the parties.[19]

The material dates required to be stated in the petition for certiorari under Rule 65 are:

- the date of receipt of the notice of the judgment or final order or resolution;

- the date of filing of the motion for new trial or for reconsideration; and

- the date of receipt of the notice of denial of the motion.[20]

Contrary to the Court of Appeals' findings, Security Bank correctly asserted that page 13 of its petition states the date of filing of the motion for reconsideration on 23 February 1999, or thirteen days after the receipt of the Order.[21] The petition also states the date of receipt of notice of denial of the motion for reconsideration filed before the trial court. Hence, the petition only lacked the date of receipt of the trial court's Order of 1 February 1999 that was the subject of the motion for reconsideration.

The stamped date on the Order of 1 February 1999 annexed to the petition is not clear enough for the Court of Appeals to determine when Security Bank's counsel received a copy of the Order.[22] However, upon filing its motion for reconsideration before the Court of Appeals, Security Bank attached another copy of the Order of 1 February 1999.[23] This time, the stamped date of receipt of the Order shows that the Security Bank's counsel received the Order on 10 February 1999.

When Security Bank furnished the Court of Appeals with the copy of the trial court's Order bearing the stamped date of its receipt, it showed its willingness to rectify its omission. Security Bank, in effect, substantially complied with the Rules. In addition, the trial court would have dismissed the motion for reconsideration outright if Security Bank had filed it late. The trial court's Order of 3 November 1999 does not show that Security Bank filed the motion for reconsideration out of time.

The rationale for requiring the statement of material dates is to determine the timeliness of filing of the petition. Clearly, Security Bank filed the motion for reconsideration with the trial court on time. Security Bank also filed the petition before the Court of Appeals within the reglementary period. The Court reiterates that there is ample jurisprudence holding that the subsequent and substantial compliance of a party may call for the relaxation of the rules of procedure.[24]

In the recent case of Great Southern Maritime Services Corporation v. Acuña,[25] we held that "the failure to comply with the rule on a statement of material dates in the petition may be excused since the dates are evident from the records." The more material date for purposes of appeal to the Court of Appeals is the date of receipt of the trial court's order denying the motion for reconsideration, which date is admittedly stated in the petition in the

present case. The other material dates may be gleaned from the records of the case if reasonably evident. Thus, in this case the Court deems it proper to relax the Rules to give all the parties the chance to argue their causes and defenses.[26]

WHEREFORE, we SET ASIDE the Resolutions of the Court of Appeals dated 22 February 2000 and 29 November 2000. This case is REMANDED to the Court of Appeals which is DIRECTED to reinstate and give due course to the petition in CA-G.R. SP No. 56534, and decide the same on the merits.

SO ORDERED.

Davide, Jr., C.J. (Chairman), Quisumbing, Ynares-Santiago, and Azcuna, JJ., concur.

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[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Penned by Associate Justice Andres B. Reyes, Jr., with Associate Justices Fermin A. Martin, Jr. and Romeo A. Brawner (now Presiding Justice), concurring.

[3] Dated 19 August 1998.

[4] Rollo, pp. 121-122.

[5] Ibid., pp. 123-126.

[6] An Act to Regulate the Sale of Property Under Special Powers Inserted in or Annexed to Real Estate Mortgages.

[7] Penned by Associate Justice Demetrio G. Demetria, with Associate Justices Ramon A. Barcelona and Rodrigo V. Cosico, concurring.

[8] Rollo, pp. 323-333.

[9] Ibid., pp. 335-342.

[10] Ibid., pp. 343-345.

[11] Signed by Presiding Judge Alberto L. Lerma.

[12] Rollo, pp. 54-55.

[13] Ibid., pp. 178-179.

[14] Ibid., pp. 45-46.

[15] Ibid.

[16] Ibid., pp. 48-49.

[17] Dee v. Court of Appeals, G.R. No. 133542, 29 January 2004, 421 SCRA 397; Tesorero v. Mathay, G.R. No. 69592, 8 May 1990, 185 SCRA 124.

[18] Vidal v. Escueta, G.R. No. 156228, 10 December 2003, 417 SCRA 617.

[19] Ibid.

[20] Gutierrez v. The Secretary of the Department of Labor and Employment, et al., G.R. No. 142248, 16 December 2004.

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[21] CA Rollo, p. 14.

[22] Ibid., p. 50.

[23] Ibid., p. 200.

[24] Jaro v. Court of Appeals, 427 Phil. 532 (2002).

[25] G.R. No. 140189, 28 February 2005.

[26] El Reyno Homes, Inc. v. Ong, 445 Phil. 610 (2003).

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