

ROBERT G. DE GALICIA, PETITIONER, VS. MELY MERCADO, RESPONDENT

G.R. NO. 146744. March 06, 2006

Ponente: CORONA, J.

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CORONA, J.:

Petitioner Robert G. de Galicia was a business partner in RCL Enterprises. On or about December 15, 1997, he was asked by his partner Carmen Arciaga to co-sign with her a Philbank check for P50,000 payable to cash. Allegedly without his knowledge and consent, Arciaga rediscounted the check with respondent Mely Mercado at 8% interest. Respondent gave Arciaga the sum of P46,000, representing the value of the check less 8% as interest.

Later, respondent presented the check for payment but it was dishonored for insufficiency of funds. She then filed a complaint for estafa and for violation of Batas Pambansa Blg. (BP) 22[1] against petitioner and Carmen Arciaga. Petitioner countered by filing in the Regional Trial Court (RTC) of Manila, Branch 32, a case for the declaration of nullity of the agreement to pay interest between respondent and his partner, Arciaga. He prayed that the agreement, together with the rediscounted check, be declared void for being contrary to public policy.

After trial, the RTC, in an order dated November 21, 2000, dismissed petitioner's case for lack of jurisdiction. In another order dated January 15, 2001, it also denied his motion for reconsideration. Treating the complaint as one for recovery of a sum of money, the trial court ruled:

Even granting in arguendo, that the action seeks to have the agreement (?) between defendant Mely Mercado and one Carmen Arciaga with respect to the payment of interest to be declared null and void, this Court is in a quandary because one of the parties (Carmen Arciaga) in the so-called agreement is not a party to the present case.

Also, even considering and computing the interest rate at 8% or 5%, it is still within the rate of P50,000 and way below the jurisdictional amount vested in the Regional Trial Court.

The present action is treated by this Court as one for the recovery of sum of money, construing the same from the facts alleged in the complaint xxx with the present action/complaint having no title of the action.

A reading of the instant case indicates that the principal relief sought is for the declaration of the subject check in the amount of P50,000 a nullity. Hence, capable of pecuniary estimation, the so-called agreement merely an incident thereto.

After going over the entire record of this case, and further considering that every court has the power to review and amend... its findings and conclusions, this Court finds no reversible error to reconsider its assailed order (dated November 21, 2000).

WHEREFORE, the assailed Order (supra) [D]ismissing this case, [S]tands. The Motion for Reconsideration, for lack of merit, is hereby DENIED.[2]

Via this petition for review under Rule 45 of the 1997 Rules of Civil Procedure, on a pure question of law,

petitioner assigns this error to the abovementioned order:

THE TRIAL COURT ERRED IN DISMISSING THE COMPLAINT FOR LACK OF JURISDICTION OVER ITS SUBJECT MATTER SIMPLY BECAUSE THE AMOUNT INVOLVED [WAS] ONLY P50,000.00.[3]

In his memorandum,[4] petitioner insisted that the complaint for declaration of nullity of the agreement between respondent and Arciaga was within the jurisdiction of the RTC. According to petitioner, the subject matter of the complaint was not for the recovery of a sum of money but for the nullification of the agreement to pay interest, with a prayer to also nullify the check, in which case the action was not capable of pecuniary estimation. He argued that it was error for the trial court to dismiss the complaint on the basis merely that the amount involved was P50,000.

Respondent, however, contends that the dismissal by the RTC of the complaint was warranted since the action essentially involved the nullification of the check amounting to P50,000. She insisted that the amount was outside the RTC's jurisdiction, thus, it could not possibly take cognizance of the case. Respondent added that the RTC did not err in dismissing the complaint because Arciaga, as an indispensable party, was not impleaded.

Under BP 129,[5]the RTC shall exercise exclusive jurisdiction on the following actions:

- (1) In all civil actions in which the subject of the litigation is incapable of pecuniary estimation;
- (2) In all civil actions which involve the title to, or possession of, real property, or any interest therein, where the assessed value of the property involve[d] exceeds Twenty [T]housand [P]esos (P20,000.00) or for civil actions in Metro Manila, where such value exceeds Fifty [T]housand [P]esos (P50,000.00) except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts.

xxx xxx xxx

In determining whether or not the subject matter of an action is capable of pecuniary estimation, the Court, in the early case of *Singsong v. Isabella Sawmill*,^[6] laid down the following criterion:

xxx this Court has adopted the criterion of first ascertaining the nature of the principal action or remedy sought. If it is primarily for the recovery of a sum of money, the claim is considered capable of pecuniary estimation, and whether jurisdiction is in the municipal courts or in the courts of first instance (now RTC) would depend on the amount involved. However, where the basic issue is something other than the right to recover a sum of money, where the money claim is purely incidental to, or a consequence of, the principal relief sought, this Court has considered such actions as cases where the subject of the litigation may not be estimated in terms of money, and are cognizable by the courts of first instance (RTC). (emphasis supplied)

Based on the foregoing criterion, the subject of the action before the trial court was indeed incapable of pecuniary estimation and therefore cognizable by the RTC.

A perusal of the complaint^[7] reveals that it primarily sought to annul the agreement under which Arciaga obligated herself to pay respondent interest on the amount of the rediscounted check. What was being assailed was the payment of interest. Petitioner was not seeking recovery of a sum of money as found by the trial court. The records do not show that he asked for payment of the amount of the check. Besides, it was not for petitioner to ask for reimbursement of the amount of the check but respondent who gave P46,000 to petitioner's business partner, Arciaga.

Nevertheless, notwithstanding the RTC's jurisdiction on the subject case, this Court sustains the dismissal of the subject complaint for its failure to implead an indispensable party.

Under Rule 3, Section 7 of the 1997 Rules of Civil Procedure, an indispensable party is a party-in-interest without whom there can be no final determination of an action. The interests of such indispensable party in the subject matter of the suit and the relief are so bound with those of the other parties that his legal presence as a party to the proceeding is an absolute necessity.[8] As a rule, an indispensable party's interest in the subject matter is such that a complete and efficient determination of the equities and rights of the parties is not possible if he is not joined.[9]

Here, we hold that Arciaga was an indispensable party to the suit filed by petitioner against respondent. Her interest in the suit was intertwined with the rights and interest of both petitioner and respondent. She was as involved in the suit as petitioner and respondent, being a co-signatory of the re-discounted check and being privy to the assailed agreement. Had the subject complaint been resolved on the merits, any judgment made by the trial court was going to affect not only respondent but Arciaga as well. Unfortunately, due to the failure of petitioner to implead her in the complaint, any judgment therein could not bind her. It was as if the complaint had not been filed at all.

In *Aracelona v. Court of Appeals*,[10] the Court held that the joinder of all indispensable parties must be made under any and all conditions, their presence being a sine qua non for the exercise of the judicial power. There, we ruled that when an indispensable party is not before the court, the action should be dismissed.[11]

It is interesting to note that petitioner filed the subject complaint after respondent initiated a complaint for estafa and violation of BP 22.[12] The filing of the complaint for declaration of nullity of the agreement to pay interest and the nullity of the check appeared to be an afterthought and an attempt to affect the outcome of the criminal complaint against him.

WHEREFORE, the petition is hereby DENIED.

No costs.

SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Azcuna, and Garcia, JJ., concur.

[1] Criminal Case No. 31843.

[2] Penned by Hon. Juan C. Nabong, Jr., Presiding Judge, Branch 32, Manila, rollo, p. 24.

[3] Rollo, p. 6.

[4] Rollo, p. 36.

[5] The Judiciary Reorganization Act of 1980.

[6] No. L-27343, 28 February 1979, 88 SCRA 623; see also *Russel v. Vestil*, G.R. No. 119347, 17 March 1999, 304 SCRA 738.

[7] Records, pp. 1-3.

[8] 59 AmJur 2d, § 13, p. 359.

[9] *Id.*, at p. 360; see also *Republic v. Sandiganbayan*, G.R. No. 152154, 15 July 2003, 406 SCRA 2003.

[10] G.R. No. 102900, 2 October 1997, 280 SCRA 20.

[11] *Id.*

[12]"Anti-Bouncing Check Law."

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