

PHILIPPINE NATIONAL BANK, PETITIONER, VS. HON. JOSE G. PANEDA, IN HIS CAPACITY AS PRESIDING JUDGE OF THE RTC, BR. 67, CONSOLACION CHAN, ELIZABETH CAPULLA, CAROLINE REYES, BERNAR...

G.R. NO. 149236. February 14, 2007

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

Before the Court is a Petition for Review on Certiorari under Rule 45 of the Rules of Court questioning the Decision[1] dated April 20, 2001, promulgated by the Court of Appeals (CA) in CA-G.R. SP No. 51820, which affirmed in toto the Order dated February 18, 1999 of the Regional Trial Court (RTC), Branch 67, Bauang, La Union, docketed as Civil Case No. 594-BG; and the CA Resolution[2] dated July 31, 2001 which denied petitioner's Motion for Reconsideration.

The antecedents of the case, as found by the RTC and upheld by the CA, are as follows:

x x x [O]n October 9, 1985, private respondent Bernardo de Vera, bought a parcel of land covered by Tax Declaration No. 1685 from petitioner Philippine National Bank (PNB for brevity) and the former signed a "Contract of Sale with Option to Resell" prepared by the latter.

Shortly after the sale, petitioner PNB placed in possession respondent de Vera who started to introduce improvements thereon such as the construction of roads and putting up of concrete fence. However, respondent de Vera was evicted by respondents Consolacion Chan, Elizabeth Capulla and Caroline Reyes.

Thus, an action for quieting of title and damages was filed by plaintiffs-respondents Chan, et al. against Bernardo de Vera and his spouse, the latter filed a third-party complaint against third-party defendant (now petitioner) PNB. Both the de Veras and PNB did not contest plaintiffs-respondents' claim of possession and ownership over the questioned property, thus, the respondent judge gave his "imprimatur to plaintiffs' claim of the rights of possession, under claim of ownership over the disputed parcel of land described" in the complaint. After trial on the merits, respondent Judge rendered his decision, the decretal portion of which reads:

WHEREFORE, the Court hereby renders judgment:

a) Declaring the plaintiffs [Chan, et al.] to be lawful possessors and owners over the litigated lot described in their Complaint in the above-entitled case.

b) Ordering the third party defendant (PNB) to pay the value of the lot sold to the third party plaintiffs (DE VERAS) under the Contract of Sale With Option to Resell dated October 9, 1985 (Exh. "1") in the amount of P1,000.00 per square meter for the entire 33,873 square meters plus the sum of P20,000.00 spent for documentation or registration of the contract of sale, with legal interest thereon at the rate of 12% per month from the date of this judgment until full payment thereof to the DE VERAS.

c) Condemning the third party defendant (PNB) to pay the third party plaintiffs (DE VERAS) the sum of

P200,000.00 (sic) representing the value of the labor and construction materials and improvements the latter introduced in the disputed lot from October 10, 1985 up to October 27, 1985.

d) Ordering the third party defendant (PNB) to pay the third party plaintiffs (DE VERAS) the amount of P50,000.00 as reasonable attorney's fees in addition to the sum of P10,000.00 as actual and litigation expenses and, to pay the costs of this suit.

e) Dismissing all other claims and counterclaims which the parties may have against each in this case for insufficiency of evidence.

SO ORDERED.

Petitioner PNB filed a Motion for New Trial and Reconsideration x x x.

x x x x

[The RTC] rendered the assailed Order of February 18, 1999, the pertinent portions of which are hereunder reproduced, as follows:

Viewed from all the foregoing, the Court finds merit in the plaintiffs' motion for execution embodied in their opposition and, the third-party plaintiffs De Vera's Motion for Execution, meritorious, it appearing that the third-party defendant PNB's Motion for New Trial and for Reconsideration, is pro forma, and, as such, it did not suspend the running of the period of appeal, it having expired, or no appeal having been perfected by PNB within the reglementary period, this Court finds no alternative but to comply with its ministerial duty to issue the corresponding Writ of Execution for the enforcement of its decision of August 20, 1998.

WHEREFORE, the Court, finding the third-party defendant PNB's Motion for New Trial and for Reconsideration dated December 2, 1998, as pro forma and, as such, did not toll the running of the period of appeal, the same is hereby DENIED; consequently, the Decision of this Court dated August 20, 1998, is now final and executory.

Let the corresponding Writ of Execution for the enforcement and satisfaction of the said decision of August 20, 1998 be issued.

Be it noted also herein the Notice of Attorney's Lien filed by Atty. Benigno Puno, counsel for the third-party plaintiff, Bernardo de Vera, which contains his conformity thereto.

SO ORDERED.

Thus, the instant petition [under Rule 65 of the Rules of Court] with prayer for the issuance of temporary restraining order and/or writ of preliminary injunction was filed [with the CA].

Petitioner PNB raised the following ground in support of its petition:

RESPONDENT COURT COMMITTED GRAVE ABUSE OF DISCRETION OR AUTHORITY, AMOUNTING TO WANT OF JURISDICTION, IN DECLARING ITS DECISION OF AUGUST 20, 1998 AS HAVING BEEN BECOME FINAL AND EXECUTORY NOTWITHSTANDING PETITIONER'S TIMELY FILING OF NOTICE OF APPEAL ON THE GROUND THAT PETITIONER'S MOTION FOR NEW TRIAL AND RECONSIDERATION IS PRO FORMA, THEREBY DEPRIVING PETITIONER OF ITS VALUABLE RIGHT TO APPEAL.

On March 23, 1999, [the CA] issued a Temporary Restraining Order enjoining the respondents from enforcing the writ of execution, and thereafter a writ of preliminary injunction was issued on May 18, 1999. The Resolutions of [the CA] dated March 23 and May 18, 1999 were the subjects of a petition for certiorari/mandamus before the Honorable Supreme Court in G.R. No. 138681, which was dismissed in the Supreme Court's Resolution of

November 15, 1999.[3]

On April 20, 2001, the CA rendered its Decision, the dispositive portion of which states:

WHEREFORE, the petition is hereby DISMISSED for having failed to show that grave abuse of discretion and/or lack of jurisdiction had been committed by the respondent court, and the assailed Order of February 18, 1999 is AFFIRMED.

SO ORDERED.[4]

In affirming the RTC Order, the CA held that petitioner's Motion for New Trial and Reconsideration (Motion) is pro forma, and, consequently, the said Motion did not toll the running of the period for appeal and the decision thus attained finality; that the documents proffered by the petitioner in the said Motion, allegedly newly discovered evidence, are the same as those marked and presented by the petitioner in its Pre-Trial Brief dated July 1, 1994; and that the Motion failed to comply with Section 5 of Rule 15 of the 1997 Rules of Civil Procedure which requires that the notice of hearing be directed to the parties concerned.

Hence, the instant Petition on the following grounds:

I.

The Court of Appeals has departed from the accepted and usual course of judicial proceedings or has sanctioned such departure by the Trial Court when it affirmed the trial court's award of excessive and unfounded damages of P33.8 Million against the Petitioner by way of summary judgment.

II.

The Court of Appeals has departed from the accepted and usual course of judicial proceedings or has sanctioned such departure by the Trial Court when it affirmed the lower court's denial of the notice of appeal of petitioner while granting the belated withdrawal of appeal by respondents in support of the latter's motion for execution.

III.

The Court of Appeals in affirming the trial court's decision has decided a question of substance in a way probably not in accord with the laws of the New Civil Code on Sales and Warranty against Eviction.[5]

In its Memorandum, petitioner raises the following issues:

I.

Whether or not the Decision of the Trial Court has attained finality

II.

Whether or not the respondents de Veras are entitled to the payment of P33,873,000.00.

III.

The provisions of the Contract of Sale with Option to Resell is the law between the parties and should thus be respected.[6]

The petition has merit.

The main question is whether petitioner's Motion for New Trial and Reconsideration is pro forma and, hence, it did not suspend the running of the period for appeal.

In light of Rule 45 of the Rules of Court, the other issues cannot be passed upon by this Court since they require a calibration of the findings of fact, a function reserved to the courts a quo.

In holding that petitioner's Motion for New Trial and Reconsideration is pro forma, the CA reasoned that there was "nothing new in (petitioner's) Motion that would show any testimonial or documentary evidence, or provisions of law to be contrary to such findings or conclusions of the lower court." To support this point, the courts a quo found that the documents desired to be presented, alleged by the petitioner to be "newly discovered," are the very same documents marked and presented by the petitioner as Exhibits "1" to "24-A" in its Pre-Trial Brief dated July 1, 1994; and that to go over again the same documents would be "an exercise of futility."

The subject Motion actually consists of two motions, a Motion for New Trial and a Motion for Reconsideration. While the Court agrees that the Motion for New Trial lacks merit for the reason that the documents sought to be presented are not newly discovered evidence, the Court does not agree that the Motion for Reconsideration is pro forma.

The Court is guided by the rulings in *Coquilla v. Commission on Elections*,^[7] to wit:

x x x The mere reiteration in a motion for reconsideration of the issues raised by the parties and passed upon by the court does not make a motion pro forma; otherwise, the movant's remedy would not be a reconsideration of the decision but a new trial or some other remedy. But, as we have held in another case:

Among the ends to which a motion for reconsideration is addressed, one is precisely to convince the court that its ruling is erroneous and improper, contrary to the law or the evidence; and in doing so, the movant has to dwell of necessity upon the issues passed upon by the court. If a motion for reconsideration may not discuss these issues, the consequence would be that after a decision is rendered, the losing party would be confined to filing only motions for reopening and new trial.

Indeed, in the cases where a motion for reconsideration was held to be pro forma, the motion was so held because (1) it was a second motion for reconsideration, or (2) it did not comply with the rule that the motion must specify the findings and conclusions alleged to be contrary to law or not supported by the evidence, or (3) it failed to substantiate the alleged errors, or (4) it merely alleged that the decision in question was contrary to law, or (5) the adverse party was not given notice thereof. The 16-page motion for reconsideration filed by petitioner in the COMELEC en banc suffers from none of the foregoing defects, and it was error for the COMELEC en banc to rule that petitioner's motion for reconsideration was pro forma because the allegations raised therein are a mere "rehash" of his earlier pleadings or did not raise "new matters." Hence, the filing of the motion suspended the running of the 30-day period to file the petition in this case, which, as earlier shown, was done within the reglementary period provided by law.^[8] (Emphasis supplied)

and in *Marina Properties Corporation v. Court of Appeals*,^[9] thus:

Under our rules of procedure, a party adversely affected by a decision of a trial court may move for reconsideration thereof on the following grounds: (a) the damages awarded are excessive; (b) the evidence is insufficient to justify the decision; or (c) the decision is contrary to law. A motion for reconsideration interrupts the running of the period to appeal, unless the motion is pro forma. This is now expressly set forth in the last paragraph of Section 2, Rule 37, 1997 Rules of Civil Procedure.

A motion for reconsideration based on the foregoing grounds is deemed pro forma if the same does not specify the findings or conclusions in the judgment which are not supported by the evidence or contrary to law, making express reference to the pertinent evidence or legal provisions. It is settled that although a motion for reconsideration may merely reiterate issues already passed upon by the court, that by itself does not make it pro forma and is immaterial because what is essential is compliance with the requisites of the Rules. xxx.

X X X X

Where the circumstances of a case do not show an intent on the part of the pleader to merely delay the proceedings, and his motion reveals a bona fide effort to present additional matters or to reiterate his arguments in a different light, the courts should be slow to declare the same outright as pro forma. The doctrine relating to pro forma motions has a direct bearing upon the movant's valuable right to appeal. It would be in the interest of justice to accord the appellate court the opportunity to review the decision of the trial court on the merits than to abort the appeal by declaring the motion pro forma, such that the period to appeal was not interrupted and had consequently lapsed. [10] (Emphasis supplied)

The averments found in the Motion for Reconsideration of herein petitioner point out specifically the findings or conclusions in the judgment of the RTC which are not supported by the evidence or which are contrary to law, and, moreover, the motion states additional specific reasons for those grounds.

In brief, taken in its entirety, the Motion for Reconsideration clearly attempts to substantiate the alleged errors of the RTC: First, the Motion avers that the petitioner's counsel was not able to attend a single hearing because the petitioner was not informed, via a subpoena or other notice, by the RTC; second, that due to Philippine National Bank's (PNB's) lack of knowledge over the foregoing proceedings, its counsel failed to include in the summary judgment proceeding material evidence to prove its claims; third, as a result, the hearings conducted in connection with the plaintiffs' complaint were held between plaintiffs and respondent De Vera only; fourth, that since the petitioner was not a party to the original complaint, the trial court must have taken it to mean that it was up to respondent De Vera to present evidence as successor-in-interest of the petitioner; fifth, that petitioner, which was unable to participate in the proceedings, should not be blamed for De Vera's failure to present evidence; sixth, the petitioner precisely entered into a summary judgment with third party plaintiff on the honest belief that it concerned solely the controversy between the two third parties; in other words, had the petitioner been given the opportunity to present its side of the controversy with the plaintiffs, the decision could have been otherwise; seventh, that the RTC, in view of the foregoing, had been led to make an entirely wrong conclusion in its decision when it assumed that PNB had no title to, or right in the lot under controversy; eighth, the petitioner never implied, under the terms of the Contract to Sell with Option to Resell, that it had no title to, or right in the lot in controversy; on the contrary, it had an absolute and valid claim over the said property; ninth, it was admitted in respondent De Vera's position paper dated October 10, 1995 that the De Veras conducted an investigation of ownership over the lot and were presented with various documents evidencing ownership of the petitioner, and that respondent De Vera further investigated the records of the Bureau of Lands and verified to be correct; hence, respondent De Vera had the opportunity to know the condition of the property at the time of the offer and had the opportunity to resell the property, but De Vera chose to waive the same; tenth, respondent De Vera was in no way deceived by the petitioner as to the condition of the property in question, since the innocent non-disclosure of a fact does not affect the formation of the contract or operate to discharge the parties from their agreement under the maxim caveat emptor: where the means of knowledge are at hand and equally available to both parties, one will not be heard to say that he has been deceived; eleventh, the fact that respondent De Vera was not able to take immediate possession of the lot in question cannot constitute deceit, because De Vera had the opportunity, if she so desired, to examine the land; twelfth, since there is no actual controversy in the lot involved in Civil Case Nos. 595 and 602, it being not a part sold to respondent De Vera by the petitioner and claimed by the former, resulting in the dismissal of the same cases by agreement of all the parties, the award of damages, therefore, had no basis in fact and in law; thirteenth, the award is patently and entirely unconscionable since the petitioner sold the property for P35,000.00 and now, not only was it divested of its ownership of the property, it is also ordered to pay the alleged value to De Vera in the amount of P33,873,000.00 plus other expenses of more than P280,000.00 which are clearly not imputable to PNB; fourteenth, thus, where De Vera failed to exercise or waived its option to resell,

and, at the same time maintains that the contract is not valid because he failed to take possession of the property in question, such a situation will be tantamount to leaving the buyer the unilateral power to determine whether such contract should continue or not, which is prohibited by Article 1308 of the Civil Code; and fifteenth, the petitioner is a mortgagee in good faith, since at the time the mortgage covering said property had been constituted, the petitioner was not aware of any flaw, if any, of the title of the mortgagor, and, as such, the petitioner then had the legal right to transfer ownership to De Vera.[11]

Important to note is that the circumstances of the case as shown in the Motion for Reconsideration do not show an intent on the part of the pleader to merely delay the proceedings, and said Motion reveals a bona fide effort to present additional matters or to reiterate its arguments in a different light. Hence, the courts a quo seriously erred in declaring the Motion for Reconsideration as pro forma.

The courts a quo also stress that the said Motion failed to comply with Sections 5 and 7 of Rule 15, Rules of Court, to wit:

Section 5. Notice of hearing. – The notice of hearing shall be addressed to all parties concerned, and shall specify the time and date of the hearing which must not be later than ten (10) days after the filing of the motion.

Section 7. Motion day. – Except for motions requiring immediate action, all motions shall be scheduled for hearing on Friday afternoon, or if Friday is a non-working day, in the afternoon the next working day.

The RTC held that petitioner's Motion which was filed on December 3, 1998, and was set for hearing on December 21, 1998, eight days beyond the reglementary period prescribed under Section 5, Rule 15, and that the Motion set the hearing on a Monday and not on a Friday. The CA held that the notice of hearing of said Motion was not addressed to the parties concerned.

The foregoing conclusions are incorrect.

The Court in *Maturan v. Araula*[12] held:

As enjoined by the Rules of Court and the controlling jurisprudence, a liberal construction of the rules and the pleadings is the controlling principle to effect substantial justice.

The rule requiring notice to herein private respondents as defendant and intervenors in the lower court with respect to the hearing of the motion filed by herein petitioner for the reconsideration of the decision of respondent Judge, has been substantially complied with. While the notice was addressed only to the clerk of court, a copy of the said motion for reconsideration was furnished counsel of herein private respondents, which fact is not denied by private respondent. As a matter of fact, private respondents filed their opposition to the said motion for reconsideration dated January 14, 1981 after the hearing of the said motion was deferred and re-set twice from December 8, 1980, which was the first date set for its hearing as specified in the notice. Hence, private respondents were not denied their day in court with respect to the said motion for reconsideration. The fact that the respondent Judge issued his order on January 15, 1981 denying the motion for reconsideration for lack of merit as it merely repeated the same grounds raised in the memorandum of herein petitioner as plaintiff in the court below, one day after the opposition to the motion for reconsideration was filed on January 14, 1981 by herein private respondents, demonstrates that the said opposition of herein respondents was considered by the respondent Judge.

x x x x

The motion for reconsideration of herein petitioner, while substantially based on the same grounds he invoked in his memorandum after the case was submitted for decision, is not pro forma as it points out specifically the findings or conclusions in the judgment which he claims are not supported by the evidence or which are

contrary to law (*City of Cebu v. Mendoza*, L-26321, Feb. 25, 1975, 62 SCRA 440, 446), aside from stating additional specific reasons for the said grounds.[13] (Emphasis supplied)

Thus, even if the Motion may be defective for failure to address the notice of hearing of said motion to the parties concerned, the defect was cured by the court's taking cognizance thereof and the fact that the adverse party was otherwise notified of the existence of said pleading.[14] There is substantial compliance with the foregoing rules if a copy of the said motion for reconsideration was furnished to the counsel of herein private respondents. [15]

In the present case, records reveal that the notices in the Motion were addressed to the respective counsels of the private respondents and they were duly furnished with copies of the same as shown by the receipts signed by their staff or agents.

Consequently, the Court finds that the petitioner substantially complied with the pertinent provisions of the Rules of Court and existing jurisprudence on the requirements of motions and pleadings.

Petitioner's Motion for Reconsideration is deemed to have been timely filed within the prescribed period, viz:

- Petitioner received on November 19, 1998 the Decision of the RTC promulgated on August 20, 1998. From receipt thereof, the petitioner timely filed a Motion for New Trial and Reconsideration on December 3, 1998.
- The trial court denied the motion in its Order dated February 18, 1999, a copy of which was received by petitioner on March 2, 1999.
- From receipt of the adverse order, petitioner filed a Notice of Appeal on March 3, 1999.
- Without acting on the Notice of Appeal, the RTC issued a Writ of Execution on March 9, 1999.
- The petitioner then filed a Petition for Certiorari with Prayer for Temporary Restraining Order and/or Preliminary Injunction before the CA on March 19, 1999.
- On May 31, 2000, the CA issued a writ of preliminary injunction enjoining the respondents and their agents from enforcing the Order dated February 18, 1999 and the Writ of Execution dated March 9, 1999.

Consequently, petitioner's Notice of Appeal should have been given due course.

In fine, the CA erred in affirming the RTC Order dated February 18, 1999 and the Writ of Execution dated March 9, 1999.

WHEREFORE, the petition is GRANTED. The challenged Decision and Resolution of the Court of Appeals are hereby SET ASIDE. Another judgment is entered whereby the Order dated February 18, 1999 issued by the Regional Trial Court, Branch 67, Bauang, La Union, in Civil Case No. 594-BG is SET ASIDE; said Regional Trial Court is ordered to give due course to the appeal of petitioner; and respondents and their agents are permanently enjoined from enforcing the Order dated February 18, 1999 and the Writ of Execution dated March 9, 1999.

No pronouncement as to costs.

SO ORDERED.

Ynares-Santiago, (Chairperson), Callejo, Sr., and Chico-Nazario, JJ., concur.

Nachura, J., on leave.

[1] Penned by Justice Eugenio S. Labitoria (now retired), with Associate Justices Eloy R. Bello, Jr. (now retired) and Mercedes Gozo-Dadole (now retired), concurring; CA rollo, pp. 342-352.

- [2] Id. at 386.
- [3] Rollo, pp. 40-45.
- [4] Id. at 49.
- [5] Id. at 20-21.
- [6] Id. at 289.
- [7] 434 Phil. 861 (2002).
- [8] Id. at 868-870.
- [9] 355 Phil. 705 (1998).
- [10] Id. at 716-717.
- [11] See CA rollo, pp. 63-72.
- [12] 197 Phil. 583 (1982).
- [13] Id. at 587-588.
- [14] *Sun Un Giok v. Matusa*, 101 Phil. 727, 734 (1957).
- [15] CA rollo, pp. 73-74.

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