STATE INVESTMENT HOUSE, INC., PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND ACTIVE WOOD PRODUCTS CO., INC., RESPONDENTS.

G.R. NO. 149739. July 14, 2006

Ponente: CORONA, J.

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CORONA, J.:

This is a petition for certiorari[1] from the resolutions[2] of the Court of Appeals (CA) in CA-G.R. SP No. 55616.

On June 7, 1982, private respondent Active Wood Products Co., Inc. filed a case against petitioner State Investment House, Inc. for injunction with prayer for a temporary restraining order (TRO) and/or writ of preliminary injunction[3] with the Regional Trial Court (RTC) of Malolos, Bulacan, Branch 20.[4] Private respondent sought to prevent the extrajudicial foreclosure of mortgage on two parcels of land securing a loan it had obtained from petitioner. The case was docketed as Civil Case No. 6518-M.

Private respondent alleged that the real properties could not be foreclosed because the real estate mortgage covering them had undergone novation by the parties.

On June 9, 1982, the RTC issued a TRO and, on November 10, 1982, ordered private respondent to post an injunction bond for P6,000,000. The RTC then issued another order on December 17, 1982 restraining the foreclosure of the mortgage in order to maintain the status quo.[5] For several months, the amount of the injunction bond was contested by the parties, preventing the RTC from issuing the writ right away.

On November 28, 1983, the RTC directed the issuance of a writ of preliminary injunction.[6] This notwithstanding, ex-officio provincial sheriff Victorino P. Evangelista proceeded with the foreclosure sale on November 29, 1983 and sold the mortgaged properties to petitioner as highest bidder for a total bid price of P7,500,000.[7]

On February 27, 1984, acting on several motions filed by private respondent, the RTC issued an order nullifying the auction sale conducted by sheriff Evangelista.[8]

On April 17, 1984, the RTC issued a writ of preliminary injunction in favor of private respondent, ordering petitioner and the ex-officio provincial sheriff of Malolos, Bulacan to refrain from proceeding with the foreclosure sale of the mortgaged properties.[9]

Petitioner challenged the RTC's February 27, 1984 order before the then Intermediate Appellate Court (IAC),[10] which reversed the RTC. However, on certiorari, we reversed the IAC and upheld both the February 27, 1984 order nullifying the auction sale and the April 17, 1984 order issuing a writ of preliminary injunction.[11]

On February 14, 1984, petitioner filed a petition for a writ of possession pending redemption of the lands by private respondent. This was docketed as LRC Case No. P-39-85, assigned to Branch 14 of the RTC of Malolos, Bulacan.[12] Private respondent filed a motion in LRC Case No. P-39-85 for consolidation with Civil Case No.

6518-M pending before Branch 20.

However, private respondent also filed a motion in the said case (LRC Case No. P-39-85) to dismiss and/or suspend the proceedings until Branch 20 could resolve the issue of validity of the mortgage in Civil Case No. 6518-M. Judge Villajuan of Branch 14 thereafter issued an order holding in abeyance the resolution of LRC Case No. P-39-85 and directed its consolidation in Branch 20, provided Judge Legaspi did not object. Judge Legaspi, however, ordered the return of LRC Case No. P-39-85 to Branch 14, thus signifying his objection.

Private respondent elevated the matter via certiorari to the CA which upheld Judge Legaspi. Eventually, in Active Wood Products Co., Inc. v. Court of Appeals, we granted the consolidation.[13]

Two years after the filing of the original case with the RTC, private respondent filed an amended complaint alleging that the real estate mortgage was null and void because what it secured was not a loan but merely an assignment of receivables.

Subsequently, private respondent filed a supplemental complaint dated August 23, 1990,[14] impleading as an additional defendant sheriff Victorino Evangelista and seeking the award of P1 million for attorney's fees and other expenses, and P9 million for actual and moral damages. But the trial court dismissed this new complaint as to the inclusion of Evangelista as a defendant. On December 24, 1997, private respondent filed a petition for review with this Court to contest the dismissal (vis-á-vis Evangelista). This was docketed as G.R. No. 131372. We denied the petition, thus deleting sheriff Evangelista as an additional defendant.

On January 25, 1999, after the denial of the petition in G.R. No. 131372, petitioner filed a motion to set the case for pre-trial with respect to the supplemental complaint for additional damages.[15] Private respondent's counsel repeatedly moved to cancel the pre-trial conferences set by the RTC.

Private respondent then filed an omnibus motion dated June 7, 1999,[16] praying for the following:

- That the eight (8) Real Estate Mortgage[s] be declared fully paid and automatically extinguished and/or;

- That said eight (8) Real Estate Mortgage[s] be also declared [barred] by the statute of limitation[s];

- That the seventeen (17) Comprehensive Security Agreement[s]; the four AGREEMENTS also [barred] by prescription and be declared without force and effect;

- The alleged Real Estate mortgages be both declared null and void and also [barred] by statute of limitations.

- And all [petitioner's] claims or cause[s] of actions be dismissed, thereafter the above entitled case be dismissed without pronouncement as to [costs].[17]

It also filed an urgent motion to cancel the pre-trial conference pending resolution of its omnibus motion. The RTC cancelled the pre-trial conference set on June 9, 1999 and set the hearing on the omnibus motion and the pre-trial conference with respect to the supplemental complaint on June 18 and July 23, 1999, respectively.

On July 7, 1999, after hearing, the RTC denied private respondent's omnibus motion.[18] On July 23, 1999, private respondent filed a motion for reconsideration from the order denying its omnibus motion.[19] This the RTC denied in an order dated September 8, 1999.

Private respondent filed with the Court of Appeals a petition for certiorari dated October 28, 1999[20] questioning the July 7, 1999 and September 8, 1999 orders of the RTC. This petition was docketed as CA-G.R. SP No. 55616.

On January 27, 2000, private respondent filed a supplement to the October 28, 1999 petition, including a prayer for a TRO and/or a writ of preliminary injunction.[21]

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On February 15, 2000, the CA issued a resolution[22] enjoining the RTC from deciding Civil Case No. 6518-M and setting for hearing private respondent's application for preliminary injunction on March 6, 2000.

During the hearing, it was agreed that: (a) private respondent would file a motion before the lower court to reset the case for hearing so that its counsel could cross-examine petitioner's witness and present rebuttal evidence, and (b) petitioner would not object to such a motion.[23]

In a resolution dated March 9, 2000,[24] the CA lifted the TRO it issued against the RTC on February 15, 2000 and suspended its own proceedings on private respondent's petition for certiorari, on the understanding that private respondent would file the motion in the trial court agreed upon by the parties.

Private respondent filed a motion for reconsideration from the March 9, 2000 resolution,[25] which the CA partially granted in its assailed resolution. The effect of this partial grant was that the CA resumed its proceedings to determine the existence of prescription. The parties were directed to submit their memoranda.

Petitioner then filed a motion for reconsideration, which respondent court denied.[26] Hence, this petition.

Petitioner anchors its case on the following grounds:

> 1) private respondent filed its motion for reconsideration from the respondent court's March 9, 2000 resolution out of time.
>
> 2) private respondent itself admitted that the issue of prescription of action based on the deeds of real estate mortgage cannot be resolved by the respondent court in view of the absence of certain facts which should be established before the trial court, and is therefore estopped from claiming otherwise.
>
> 3) any resolution by the respondent court on the issue of prescription is without legal basis.

On the first ground, petitioner contends that the 15-day reglementary period for private respondent to file its motion for reconsideration began on March 6, 2000, the day of the hearing itself, and that the filing of the same on April 4, 2000 was already out of time. We disagree.

A perusal of the transcript of the March 6, 2000 hearing reveals that Justices Buzon and Barcelona of the CA assured petitioner's lawyer, who had asked for an "explicit order," that they would issue a "formal order."[27] Was such assurance in the nature of a "formal order?" It was not because no such "formal order" is found in the transcript. What the respondent court did was merely make a suggestion which the parties accepted. Clearly, the matters agreed on during the hearing were to take effect only when respondent court formally issued its resolution. This it did on March 9, 2000. Private respondent received a copy of this resolution on March 21, 2000, the proper starting point for the 15-day period. Private respondent's motion was therefore filed on time.

Moving on, petitioner's main bone of contention is that the Court of Appeals had no business deciding whether or not prescription had set in, insisting that the CA should have left such determination to the trial court. By ruling that it could determine whether prescription had set in, the CA allegedly committed grave abuse of discretion.

We note, however, that the appellate court never actually ruled on whether or not petitioner's right had prescribed. It merely declared that it was in a position to so rule and thereafter required the parties to submit memoranda. In making such a declaration, did the CA commit grave abuse of discretion amounting to lack of jurisdiction? It did not.

Grave abuse of discretion implies a capricious and whimsical exercise of power. The special civil action of certiorari may not be availed of where it is not shown that the respondent court lacked or exceeded its jurisdiction or committed grave abuse of discretion. Where the court has jurisdiction over a case, even if its findings are not

correct, its questioned acts will at most constitute errors of law and not abuse of discretion correctable by certiorari. In other words, certiorari will issue only to correct errors of jurisdiction and not to correct errors of procedure or mistakes in the judge's findings and conclusions.[28] Here, the CA did not make any finding at all on the issue of prescription.

Neither of the assailed resolutions amounted to abuse of discretion which must be so patent and gross as to amount to a virtual refusal to perform a duty enjoined or to act at all in contemplation of the law, as where the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility.[29]

Furthermore, as private respondent correctly points out, the assailed resolutions were no more than interlocutory rulings. The CA after all had not come up with a final decision on the petition but merely asserted that it could rule on the question of prescription. A writ of certiorari is not intended to correct every controversial interlocutory ruling. Its function is limited to keeping an inferior court within the bounds of its jurisdiction and to relieve persons from arbitrary acts, acts which courts or judges have no power or authority in law to perform. It is not designed to correct erroneous findings and conclusions made by the court.[30]

All things considered, this petition is premature. The CA has decided nothing and whatever petitioner's vehement objections may be (to any eventual ruling on the issue of prescription) should be raised only after such ruling shall have actually been promulgated.

The situation evidently does not yet call for a recourse to a petition for certiorari under Rule 65.

Strangely, while petitioner laments the delay of this case which admittedly has dragged on for far too long, it has itself contributed to the delay by bringing this petition before us instead of simply submitting the memorandum required by the CA to settle the issue of prescription as soon as possible.

WHEREFORE, the petition is hereby DISMISSED. The resolutions of the Court of Appeals in CA-G.R. SP No. 55616 are AFFIRMED.

Costs against petitioner.

SO ORDERED.

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

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[1] Under Rule 65 of the Rules of Court.

[2] Dated October 10, 2000 and July 18, 2001; penned by Associate Justice Marina L. Buzon and concurred in by Associate Justices Ramon A. Barcelona and Edgardo P. Cruz of the Tenth Division of the Court of Appeals; rollo, pp. 36-41.

[3] Id., p. 213.

[4] Later transferred to Branch 18.

[5] Rollo, p. 214.

[6] The TRO previously issued had already lapsed.

[7] Rollo, p. 215.

[8] Id., pp. 204-206.

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[9] Id., p. 221; Active Wood Products, Inc. v. Intermediate Appellate Court, G.R. No. 70144, 26 March 1990, 183 SCRA 671, 675.

[10] The present Court of Appeals was then known as the Intermediate Appellate Court.

[11] Supra at note 9, p. 679.

[12] Rollo, p. 261.

[13] G.R. No. 86603, 5 February 1990, 181 SCRA 774.

[14] Rollo, pp. 185-189.

[15] In its supplemental complaint, private respondent prayed for P1,000,000 as attorney's fees and

other expenses and P9,000,000 as actual and moral damages.

[16] Rollo, pp. 42-55.

[17] Id., pp. 52-53.

[18] Id., pp. 236-237.

[19] Id., pp. 378-383.

[20] Id., pp. 269-285.

[21] Id., pp. 423-456.

[22] Id., pp. 471-473.

[23] Id., pp. 587-604.

[24] Id., pp. 616-619.

[25] Id., pp. 619-624.

[26] Id., pp. 39-40.

[27] Id., p. 614.

[28] Lalican v. Vergara, 342 Phil. 485 (1997); Chua v. CA, 338 Phil. 262 (1997).

[29] Miranda v. Abaya, 370 Phil. 642 (1999).

[30] Sui Man Hui Chan v. CA, G.R. No. 147999, 27 February 2004, 424 SCRA 127; Indiana Aerospace University v. Commission on Higher Education, G.R. No. 139371, 4 April 2001, 356 SCRA 367.

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