

GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS), PETITIONER, VS. PHILIPPINE VILLAGE HOTEL, INC., RESPONDENT.

G.R. No. 150922. September 21, 2004

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

Basic is the rule that a partial summary judgment is an interlocutory order, because it does not completely and finally dispose of a litigation. That the case below has been needlessly delayed is due to the error of petitioner itself in its choice of remedy. It cannot blame the Court of Appeals for the delay, because the latter was merely following proper procedures, for which it cannot be faulted.

The Case

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, challenging the July 24, 2001 Decision[2] and the November 22, 2001 Resolution[3] of the Court of Appeals (CA) in CA-GR CV No. 61355. The assailed Decision disposed as follows:

“WHEREFORE, premises considered, this Court DISMISSES the appeal without prejudice.”[4]

The assailed Resolution denied petitioner’s Motion for Reconsideration.

The Facts

The antecedent facts are summarized by the appellate court as follows:

“x x x. [Respondent] Philippine Village Hotel, Inc. (PVHI) has several outstanding accounts totalling P152 million in favor of [petitioner] Government Service Insurance System (GSIS). Due to PVHI’s default in its monthly amortization, [petitioner] on April 23, 1987 filed separate applications for extrajudicial foreclosure of the mortgages securing said obligations with the City Sheriff of Pasay City. After several legal and judicial skirmishes pertaining to the propriety of the applications for extrajudicial foreclosure of said mortgages, the legal impediments to said proceedings were finally eliminated. So, on October 13 and 14, 1988, the foreclosure proceedings were held and the GSIS emerged as the buyer at auction of the mortgaged properties. On May 11, 1989, GSIS filed an Ex-Parte Petition for the Issuance of a Writ of Possession before the Regional Trial Court, Branch III, Pasay City docketed therein as LRC Case No. 3079. On August 16, 1989, said court issued the writ of possession applied for.

“Meanwhile, the PVHI and GSIS amicably settled their dispute. On December 13, 1989, they entered into a Memorandum of Agreement by virtue of which the accounts of PVHI in favor of the GSIS were completely settled. Under the MOA, the total obligation of PVHI to GSIS was fixed at P300 million to be paid in the manner therein specified. It was further stipulated that the MOA was subject to the approval of the Office of the President and Commission on Audit.

“Of the P300 million obligation, PVHI was able to pay on time P30 million. x x x.

“On March 5, 1990, PVHI filed a Complaint for Specific Performance with Damages with the court a quo

seeking for a judicial declaration of the validity and effectivity of the MOA and to compel GSIS to accept payment of the outstanding obligation of P270 million. This Complaint was docketed as Civil Case No. 90-52272 before the Regional Trial Court, Branch 2 in Manila. On March 6, 1990, the said court issued a Temporary Restraining Order restraining GSIS and the Sheriff of Pasay City from implementing the writ of possession issued by the Regional Trial Court, Branch III of Pasay City in LRC No. 3079 and from consolidating title to the properties covered by the foreclosed mortgages. This was followed with the issuance by the court a quo of a writ of preliminary injunction.

“The proceeding in the action for specific performance went its normal course until the PVHI has presented its evidence and rested its case. At this stage of the proceeding, PVHI filed a Motion for Partial Summary Judgment. The GSIS opposed said motion. On June 16, 1993, the court a quo rendered a Partial Summary Judgment confirming the validity of the MOA and directing PVHI to pay P 270 million to GSIS and the latter to accept the same and then to comply with all its obligations under the MOA.”[5]

Consequently, petitioner interposed an appeal to the CA and claimed that the trial court had erred in (a) issuing the writ of preliminary injunction, (b) granting the Motion for Partial Summary Judgment, and (c) declaring the MOA effective and valid.[6]

Ruling of the Court of Appeals

The Court of Appeals ruled that the appeal was an improper remedy, and that the proper mode of review was certiorari under Rule 65 of the Rules of Court.[7] It dismissed the recourse by virtue of Item No. 4 of Supreme Court Circular No. 2-90, according to which, inappropriate modes of appeal brought to this Court and the CA shall be dismissed.[8]

In denying petitioner’s Motion for Reconsideration, the appellate court held that the cases relied upon were not applicable because of differences in factual milieu.[9]

Hence, this Petition.[10]

The Issues

In its Memorandum, petitioner raises the following issues for our consideration:

“I.

Whether the Court of Appeals committed reversible error when it dismissed the appeal on procedural technicality instead of deciding the case on the merits.

- Whether the trial court’s Partial Summary Judgment is a decision on the merits, which necessitates the adjudication of petitioner’s appeal below on the merits and not on a mere technicality.

- Whether the Honorable Court of Appeals has the power and jurisdiction to pass upon the merits and/or validity of the Partial Summary Judgment.

- Whether circumstances present require the Court of Appeals, or even the Supreme Court, to pass upon the merits of the appealed case rather than dismiss the same on a mere technicality.

“II.

Whether the separate and corresponding approvals of the Office of the President and the Commission on Audit on the subject Memorandum of Agreement is a sine qua non for the effectivity of the said Contract.”[11]

In more direct language, the issue is simply whether the CA -- on appeal -- may validly pass upon the Partial Summary Judgment issued by the RTC, considering that the latter has not adjudged the amount of recoverable

damages. Should this issue be decided affirmatively, a corollary one is whether the MOA is valid.

This Court's Ruling

The Petition has no merit.

Main Issue:

Proper Remedy

Petitioner argues that the CA should have taken cognizance of the appeal brought before it, because the principal issue in the case -- the validity of the MOA -- had allegedly been fully decided on the merits through the Partial Summary Judgment. Supposedly, the only issue that remains to be resolved by the trial court is the amount of liquidated damages, which may be the subject of a separate appeal.[12]

Petitioner adds that the appeal should not have been dismissed on a mere technicality. It stresses that the “most equitable, judicious, expeditious, practical, and inexpensive manner of resolving this case” is for it to be decided on its merits by this Court, considering in particular the amount of time already lost and the fact that the entire records of the case have been submitted and made available to the CA.[13] Petitioner further contends that an interlocutory order may nevertheless be appealed by virtue of the exception provided under Section 1(g) of Rule 41.[14]

These contentions are unmeritorious. A partial summary judgment does not finally dispose of an action. Our pronouncements in *Guevarra v. Court of Appeals*[15] and *Province of Pangasinan v. Court of Appeals*[16] were categorical: a partial summary judgment is merely an interlocutory order, not a final judgment. “What the rules contemplate is that the appeal from the partial summary judgment shall be taken together with the judgment that may be rendered in the entire case after a trial is conducted on the material facts on which a substantial controversy exists.”[17]

The dispositive portion of the assailed Partial Summary Judgment is quoted below:

“WHEREFORE, premises considered, this Court hereby grants the Motion for Partial Summary Judgment, confirms the validity and effectivity of the subject Memorandum of Agreement dated December 13, 1989, allows x x x PVHI to pay the P270 Million balance of the settlement price within ninety days from the finality of this O[r]der, and, lastly, orders x x x GSIS, upon such full payment of the settlement price, to comply with all its obligations under the Memorandum of Agreement by delivering to [respondent] the Deed of Conveyance on the main hotel building and the chattels subject matter of the said agreement, together with the deed of absolute sale over the hotel annex referred to therein, in favor of x x x PVHI, and by canceling the debenture bonds mentioned in said agreement. Trial on the issu[e] of damages shall resume on July 5/7, 1993 at 8:30 in the morning at which time x x x GSIS shall present the evidence-in-chief on said issue.” (Emphasis supplied)

It is clear from the above that only the issue of the validity of the subject MOA has been settled. Just as clearly, “trial on the issue of damages” is yet to take place; thus, the case has not come to a close. The Partial Summary Judgment is therefore not reviewable by ordinary appeal to the CA.

Neither was the exception provided in Rule 41 available to petitioner. The Rule states:

“Section 1. Subject of appeal. – x x x

“No appeal may be taken from:

x x x x x x x x

“(g) A judgment or final order for or against one or more of several parties or in separate claims, counterclaims, cross-claims and third-party complaints, while the main case is pending, unless the court allows

an appeal therefrom;"

Granting arguendo that the exception was applicable, petitioner should have filed a Record on Appeal -- not a Notice on Appeal -- with the trial court, which would necessarily keep the records in order to be able to resolve the recoverable damages, if any.[18]

The question of damages is inseparable from that of the validity of the MOA. Indeed, the amount recoverable, if any, is dependent on the subsequent finding of the CA on the validity of the MOA. Should the appellate court reverse the RTC and hold that the MOA is invalid, the trial court's finding on the amount of recoverable damages would necessarily be reversed as well.

Contrary to petitioner's contention, a strict application of the rule on interlocutory orders will not frustrate substantial justice. What has delayed this case is not the application of the proper rules of procedure, but petitioner's wrong mode of redress. The RTC was gravely mistaken in allowing the elevation to the CA of the entire records of the case, on which the trial court had not yet rendered a complete and final judgment.

It is therefore not surprising that more than eight years have elapsed, but the issue of damages still has to be resolved. Petitioner has only itself to blame for the delay and for the needless vexation of the judicial system. Had it not chosen the wrong remedy, the main case would have perhaps been finally resolved by the trial court long ago.

WHEREFORE, the Petition is DENIED, and the challenged Decision and Resolution AFFIRMED. Costs against petitioner.

SO ORDERED.

Sandoval-Gutierrez, Corona, and Carpio-Morales, JJ., concur.

[1] Rollo, pp. 11-39.

[2] Id., pp. 41-47. Second Division. Penned by Justice Hilarion L. Aquino with the concurrence of Justices Ma. Alicia Austria-Martinez (Division chairman of the CA and now a member of this Court) and Jose L. Sabio Jr. (member).

[3] Id., pp. 49-50.

[4] Assailed CA Decision, p. 6; rollo, p. 46.

[5] Id., pp. 1-3 & 41-43. Citations omitted.

[6] Id., pp. 3 & 43.

[7] Id., pp. 5 & 45.

[8] Id., pp. 6 & 46.

[9] CA Resolution p. 2; rollo, p. 50.

[10] The case was deemed submitted for decision on June 10, 2003, upon this Court's receipt of petitioner's Memorandum, signed by Attys. Nelson L. Guerrero, Librada C. Mendiola and Cesar L. Aganon. Respondent's Memorandum -- signed by Attys. Armando M. Marcelo, Elsie S. Ramos and Elvin Michael L. Cruz -- was received by this Court on May 5, 2003.

[11] Petitioner's Memorandum, p. 9-10; rollo, p. 279-280. Original in upper case.

[12] Id., pp. 12 & 282.

[13] Id., pp. 15-19 & 285-289.

[14] Id., pp. 16 & 286.

[15] 124 SCRA 297, August 30, 1983.

[16] 220 SCRA 726, March 31, 1993.

[17] Guevarra v. CA, supra, p. 316, per Vasquez, J.

[18] SEC. 2. Modes of Appeal.

(a) Ordinary Appeal - No record on appeal shall be required except in special proceedings and other cases of multiple or separate appeals where the law or the rules so require. In such cases, the record on appeal shall be filed and served in like manner.

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