

PCI LEASING AND FINANCE, INC., PETITIONER, VS. ANTONIO C. MILAN, DOING BUSINESS UNDER THE NAME AND STYLE OF A. MILAN TRADING, AND LAURA M. MILAN, RESPONDENTS.

G.R. No. 151215. April 05, 2010

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

This Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court is directed against the Resolutions of the Court of Appeals dated September 20, 2001[2] and December 20, 2001[3] in CA-G.R. SP No. 66546. The Resolution dated September 20, 2001 of the Court of Appeals dismissed the Petition for Certiorari filed by herein petitioner, which assailed the Resolution[4] dated August 3, 2001 of the Regional Trial Court (RTC) of Quezon City, Branch 226, in Civil Case No. Q-00-40010, dismissing the appeal of herein petitioner for having been taken out of time. The Motion for Reconsideration of the September 20, 2001 Resolution was denied by the Court of Appeals in the Resolution dated December 20, 2001. Furthermore, the instant petition seeks the reversal of the Order[5] dated October 13, 2000 of the RTC in Civil Case No. Q-00-40010, which dismissed the complaint filed by petitioner against the herein respondents.

The instant case was commenced on February 18, 2000, upon the filing of a Complaint for Sum of Money[6] by petitioner PCI Leasing and Finance, Inc. (PCI Leasing) against herein respondents Antonio C. Milan (Antonio) and Laura M. Milan. The complaint was docketed as Civil Case No. Q-00-40010 in the RTC of Quezon City, Branch 226.

PCI Leasing alleged that it extended loans to respondents on September 4, 1997, September 26, 1997 and November 5, 1997, for which Deeds of Assignment[7] were duly executed by respondents. Under the terms of the Deeds, respondents sold, assigned and transferred to PCI Leasing the former's rights to various checks for and in consideration of the various amounts obtained. In case of default or nonpayment of the checks, respondents were obligated to pay the face value of the checks, interests and late payment charges. Subsequently, when PCI Leasing presented the checks for payment, the same were dishonored for different reasons, i.e., Payment Stopped,[8] Drawn Against Insufficient Funds,[9] and Account Closed.[10] Despite repeated demands, respondents failed to settle their obligation, which amounted to P2,327,833.33 as of January 15, 2000. PCI Leasing was then compelled to litigate to enforce payment of the total loan obligation, plus interests, penalties, attorney's fees, expenses of litigation and costs of suit.

On March 2, 2000, the RTC issued summons[11] to respondents, addressed to their place of residence as stated in the complaint, which is at No. 47 San Ildefonso Drive, Torres Village, Novaliches, Quezon City.

On March 10, 2000, the process server of the RTC filed his Officer's Return,[12] stating that he went to the aforementioned address on two occasions to serve the summons and the copy of the complaint to the respondents. At both times, however, the process server was told by the people he encountered there that respondents had already transferred to an unknown location. The summons and the copy of the complaint were, thus, returned

unserved.

In view of the above situation, PCI Leasing filed on April 10, 2000 a Motion to Archive^[13] Civil Case No. Q-00-40010, asserting that it was then conducting an investigation in order to ascertain the whereabouts of the respondents. PCI Leasing prayed that the case be archived, subject to its reinstatement after the whereabouts of the respondents was determined.

In an Order^[14] dated April 13, 2000, the RTC denied the Motion to Archive given that the circumstances of the case were not within the purview of the provisions of paragraph II (c) of Administrative Circular No. 7-A-92 (Guidelines in the Archiving of Cases),^[15] which read:

In civil cases, the court may motu proprio or upon motion, order that a civil case be archived only in the following instances:

x x x x

"c) When defendant, without fault or neglect of plaintiff, cannot be served with summons within six (6) months from issuance of original summons.

Subsequently, on July 13, 2000, the RTC issued an Order,^[16] directing PCI Leasing "to take the necessary steps to actively prosecute the instant case within ten days from receipt" under pain of dismissal of the case "for lack of interest."

On July 31, 2000, PCI Leasing filed a Motion for Issuance of Alias Summons.^[17] Said motion was, however, denied by the RTC via an Order^[18] dated August 3, 2000 on the ground that the same was "a mere scrap of paper" for apparently containing a defective notice of hearing.^[19]

On September 5, 2000, PCI Leasing filed another Motion for Issuance of Alias Summons,^[20] which the RTC scheduled for hearing on October 13, 2000.^[21] During the hearing of the motion on said date, there was no appearance from both counsels of PCI Leasing and respondents.^[22] Accordingly, the RTC issued an Order dated October 13, 2000 in Civil Case No. Q-00-40010, declaring thus:

When this case was called for hearing on the Motion for Issuance of Alias Summons, there was no appearance for [PCI Leasing]. It should be recalled that as early as July 13, 2000, [PCI Leasing] had been ordered to take the necessary steps to actively prosecute this case, otherwise, the same shall be dismissed. In view of the absence of the counsel for [PCI Leasing] today, the case is hereby DISMISSED.^[23] (Emphasis ours.)

PCI Leasing sought a reconsideration^[24] of the above Order, explaining that its counsel was already in the courtroom when Judge Leah S. Domingo-Regala of the RTC was dictating the order of dismissal. Allegedly, the counsel of PCI Leasing even expressed profuse apologies to the trial court for his late appearance. PCI Leasing prayed that the order of dismissal be reconsidered and the second Motion for Issuance of Alias Summons be considered submitted for resolution.

In a Resolution^[25] dated January 4, 2001, the RTC denied the Motion for Reconsideration. After briefly summarizing the incidents of the case before it, the trial court declared that:

[I]t is clear that [PCI Leasing] had been remiss in its duty to prosecute this case diligently.

The Court has already given [PCI Leasing] several chances within a span of almost one (1) year to prosecute the instant case but [PCI Leasing] failed to do so.

If only to serve as a lesson to [PCI Leasing] to be more considerate of the time and resources of the Court, the Court resolves to DENY the instant motion for reconsideration.

WHEREFORE, premises considered, the Motion for Reconsideration is DENIED, for lack of merit."
(Emphases ours.)

On January 26, 2001, PCI Leasing filed an Ex Parte Motion for Reconsideration,[26] once more seeking a reconsideration of the dismissal of its case. Given the alleged amount of the respondents' liability, PCI Leasing stressed that it had a valid cause of action against the former and it never lost interest in the prosecution of its case. PCI Leasing then implored the RTC to revisit the Order dated October 13, 2000 and the Resolution dated January 4, 2001 to make the dismissal without prejudice, in order for PCI Leasing to maintain its right to re-file its legal claim against respondents.

The RTC denied the Ex Parte Motion for Reconsideration in a Resolution[27] dated April 6, 2001. The trial court observed, inter alia, that the Ex Parte Motion was already the second motion for reconsideration filed by PCI Leasing. Also, the RTC made mention of the provisions of Section 3, Rule 17[28] of the Rules of Court relating to the dismissal of a case due to the fault of a plaintiff.

On May 11, 2001, PCI Leasing filed a Notice of Appeal[29] in an attempt to challenge the Order dated October 13, 2000 of the RTC, as well as the Resolutions dated January 4, 2001 and April 6, 2001. The Notice of Appeal recited, thus:

NOTICE OF APPEAL

Plaintiff, through counsel, to this Honorable Court respectfully gives notice that it is appealing to the Honorable Court of Appeals its 13 October 2000 Order received on 13 November 2000 which dismissed the case, its 04 January 2001 Resolution received on 17 January 2001 denying the Motion for Reconsideration dated 17 October 2000 and its 06 April 2001 Resolution received on 03 May 2001 denying the Ex-parte Motion for Reconsideration dated 23 January 2001, on the ground that said Order and Resolutions are contrary to the applicable laws and jurisprudence on the matter. (Emphases ours.)

On August 3, 2001, the RTC rendered a Resolution dismissing the Notice of Appeal, given that the same was filed beyond the reglementary period, to wit:

At any rate, the Notice of Appeal was filed late. Record shows that the Resolution of January 4, 2001 [which denied the Motion for Reconsideration of the Order dated October 13, 2000, dismissing Civil Case No. Q-00-40010] was received by [the counsel of PCI Leasing] on January 17, 2001. On January 26, 2001 (or on the 9[th] day from receipt of the Resolution of January 4, 2001), [PCI Leasing] filed its 'Ex-Parte Motion for Reconsideration'. On April 6, 2001, the Court issued a Resolution denying the Ex-Parte Motion for Reconsideration. The Resolution of April 6, 2001 was received by [the counsel of PCI Leasing] on May 3, 2001.

Thus [PCI Leasing] had only seven (7) days from receipt of the Resolution of April 6, 2001 within which to file the Notice of Appeal, or up to May 10, 2001. The Notice of Appeal was filed on May 11, 2001.[30]
(Emphases ours.)

Quoting the pertinent doctrines on the finality of judgments, the RTC underlined that:

On this score, the Hon. Supreme Court has time and again emphasized that an award or judgment becomes final and executory upon the expiration of the period to appeal and no appeal was made within the reglementary period. The basic rule of finality of judgment is applicable indiscriminately to one and all since the rule is grounded on fundamental considerations of public policy and sound practice that at the risk of occasional error, the judgments of courts must become final at some definite date fixed by law. (Alto Sales Corporation vs. IAC, 197 SCRA 618)

Although in a few instances, the court had disregarded procedural lapses so as to give due course to appeals

beyond the reglementary period, the court did so on the basis of strong and compelling reasons, such as serving the ends of justice and preventing a grave miscarriage thereof. (Vide Retoni, Jr. vs. CA, 218 SCRA 468)

Thus, the perfection of an appeal within the reglementary period fixed by the rules is mandatory and jurisdictional and the failure to do so renders the questioned decision final and executory that deprives the appellate court of jurisdiction to alter the final judgment much less to entertain the appeal. (De Castro, Jr. vs. CA, 158 SCRA 288.)[31]

The RTC decreed, thus:

WHEREFORE, the Notice of Appeal is DISMISSED, for having been taken out of time.[32] (Emphasis ours.)

Without filing a Motion for Reconsideration, PCI Leasing assailed the above Resolution before the Court of Appeals through a Petition for Certiorari under Rule 65 of the Rules of Court, which was docketed as CA-G.R. SP No. 66546.

The appellate court, however, dismissed outright the aforesaid petition in a Resolution dated September 20, 2001, holding:

This is a petition for certiorari seeking to set aside the Resolutions of respondent Judge dismissing the appeal of [PCI Leasing] for having been taken out of time.

Section 13, Rule 41 of the 1997 Rules of Civil Procedure provides that the trial court may, *motu proprio* or on motion, dismiss the appeal for having been taken out of time.

Settled is the rule that the perfection of an appeal in the manner and within the period permitted by law is not only mandatory, but jurisdictional and the failure to perfect that appeal renders the judgment of the court final and executory. Moreover, the notice of appeal filed by [PCI Leasing] states that it is appealing the assailed Order and resolutions to the Court of Appeals on the ground that the same are contrary to the applicable laws and jurisprudence on the matter. In *Reyes vs. Zamora*, it was pointed out that when one alleges that an order is contrary to law and jurisprudence, plain common sense dictates that the order is being attacked on question of law. Section 2(c), Rule 41 of the 1997 Rules of Civil Procedure provides that in all cases where only questions of law are raised or involved, the appeal shall be to the Supreme Court by petition for review on certiorari in accordance with Rule 45. (Emphases ours.)

WHEREFORE, the petition is DISMISSED for lack of merit.[33] (Emphases ours, citations omitted.)

Petitioner filed a Motion for Reconsideration[34] of the aforementioned Court of Appeals Resolution but the same was denied in a Resolution issued on December 20, 2001, to wit:

[The motion for reconsideration of PCI Leasing] dated September 20, 2001 must be denied for lack of merit.

Admittedly, the filing of the notice of appeal was late by one day. Moreover, [PCI Leasing] has not disputed that as stated in the notice of appeal, it is appealing the assailed Orders and Resolutions of respondent Judge to this Court on the ground that the same are contrary to the applicable law and jurisprudence and, therefore, this Court has no jurisdiction over the intended appeal as only questions of law would be raised therein.

WHEREFORE, the motion for reconsideration is DENIED for lack of merit.[35]

On January 16, 2002, PCI Leasing elevated this case to the Court by way of the instant Petition for Review on Certiorari under Rule 45 of the Rules of Court.

On February 4, 2002, the Court resolved[36] to require the respondents to comment on the petition within ten days from notice. This resolution was sent to the address of respondents set forth in the petition, which is at "No. 47 San Ildefonso Drive, Torres Village, Novaliches, 1100 Quezon City." The same, however, was returned

unserved with the postmaster's notation "RTS moved." We, thereafter, directed PCI Leasing to inform the Court of the correct address of the respondents within ten days from notice, or else the petition would be dismissed.[37]

On July 10, 2002, PCI Leasing submitted its Compliance,[38] stating that the respondents' new address is at "Vista Verde North Executive Village, Kaybiga, Caloocan City." On January 31, 2003, the Court Resolution dated February 4, 2002 was sent again to the new address.[39]

Considering that respondents still failed to file their comment to the petition within the period required therefor, the Court issued a Resolution[40] dated May 17, 2004, ordering respondent Antonio[41] to "(a) SHOW CAUSE why he should not be held in contempt of court for such failure, and (b) COMPLY with the said resolution of February 4, 2002, both within ten days from notice hereof."

The above resolution was apparently not complied with as well. Thus, in a Resolution[42] dated August 18, 2004, the Court imposed a fine of P1,000.00 against Antonio, payable to the Court within ten days from notice. If the fine is not paid within said period, a penalty of imprisonment of five days would instead be imposed. Antonio was also required to file a comment to the petition filed by PCI Leasing within ten days from notice. The said Resolution was once more returned unserved, with the postmaster's notation "RTS, Mr. Antonio Milan, unknown; Ms. Laura Milan, deceased; ML Merchandising PG Dealer refused to received." [43]

Accordingly, we again required[44] PCI Leasing to notify this Court of the correct address of Antonio within a non-extendible period of ten days from notice; otherwise, the case will be dismissed.

On January 27, 2005, PCI Leasing filed its Compliance,[45] stating that it sent its Credit Investigator/Appraiser to the place where Antonio was reportedly maintaining his business, M.L. Merchandising PG Dealer, at "Gen. Luis Street, Novaliches, Quezon City" to determine the address of said respondent. The person found in the store at the said address allegedly refused to reply to inquiries made or to reveal his identity to the Credit Investigator/Appraiser.

On February 28, 2005, the Court ordered[46] that copies of the Resolutions dated February 4, 2002, May 17, 2004 and August 18, 2004 be sent to respondent Antonio at the address stated in the Compliance filed by PCI Leasing. The same were also returned unserved with the postmaster's notation "RTS-refused to accept." On June 27, 2005, the Court resolved:

(a)

to let the said copies of the resolutions of February 4, 2002, May 17, 2004 and August 18, 2004 be DEEMED SERVED on respondent Milan;

(b)

to ISSUE an ALIAS WARRANT OF ARREST against respondent Milan, directing the NBI to cause his immediate arrest and to DETAIN him until he complies with the said resolutions of February 4, 2002, May 17, 2004 and August 18, 2004; and

(c)

to require the NBI to make a RETURN thereof within ten (10) days from notice hereof.[47]

On March 24, 2006, Antonio was arrested and detained by the National Bureau of Investigation (NBI)[48] by virtue of a Warrant of Arrest[49] issued against him by the Court on June 27, 2005.

On March 28, 2006, Antonio paid[50] the fine earlier imposed upon him. He likewise filed an Explanation on Failure to File Comment with Urgent Motion for Immediate Release from Detention with Prayer for Time to File

Comment,[51] maintaining that he had not received any of the Resolutions of the Court, hence, the failure to abide by the same.

In a Resolution[52] dated March 29, 2006, the Court denied Antonio's motion for immediate release from detention and granted him ten days from notice within which to file his comment.

On March 30, 2006, Antonio filed an Urgent Motion for Immediate Release from Detention,[53] as well as a Compliance[54] with the above resolution, wherein he incorporated his comment to the petition filed by PCI Leasing. Antonio also manifested therein that his wife, respondent Laura M. Milan, passed away on March 15, 2004.[55]

On April 3, 2006, the Court ordered[56] the immediate release of Antonio from detention at the NBI, unless he was otherwise lawfully detained for some other causes. PCI Leasing was also directed to file a REPLY to the comment within ten days from notice.

PCI Leasing thereafter filed its Reply[57] on May 22, 2006.

In the Resolution[58] dated June 14, 2006, we decided to give due course to the petition and required both parties to submit their respective memoranda within 30 days from notice. PCI Leasing and Antonio filed their memoranda, respectively, on August 17, 2006[59] and September 15, 2006.[60]

In its Memorandum, PCI Leasing put forward only one issue for our resolution, to wit:

THE COURT OF APPEALS, IN DISMISSING THE PETITION FILED BY PETITIONER BEFORE IT AND, IN EFFECT, DEPRIVING PETITIONER OF ITS RIGHT TO RECOVER THE SUMS IT HAD LOANED TO THE PRIVATE RESPONDENTS, HAS DECIDED A QUESTION OF SUBSTANCE IN A WAY PROBABLY NOT IN ACCORD WITH THE APPLICABLE DECISIONS OF THIS HONORABLE COURT.[61]

As what it emphasized in the Petition for Certiorari filed before the Court of Appeals, PCI Leasing likewise brings to the attention of the Court the details of the so-called "procedural path" that was taken by the RTC and the supposed mistakes it committed along the way.[62] On the basis of its allegations, PCI Leasing points out that the case it laid out before the Court of Appeals involved not only questions of law but a combination of facts and law, such that the said case would fall within the purview of the appellate court's jurisdiction. However, PCI Leasing laments that the Court of Appeals ignored the former's efforts to seek a rectification of the acts of the RTC. PCI Leasing accuses both the Court of Appeals and the RTC of defeating its right to recover the sums of money it had loaned to the respondents simply because it allegedly committed "some procedural lapses" in the prosecution of its case. If the rulings of the Court of Appeals and the RTC would be allowed to stand, the respondents would allegedly be enriched by the amounts they had obtained from PCI Leasing. Although it acknowledges that "there was some measure of breach of procedure" on its part, PCI Leasing contends that the consequence imposed by the Court of Appeals and the RTC was disproportionate to the breach committed. Calling for a liberal application of the pertinent rules of procedure and invoking the inherent equity jurisdiction of courts, PCI Leasing ultimately prays for the reinstatement of Civil Case No. Q-00-40010, which it previously filed before the RTC.

We grant the petition.

The Court of Appeals indeed committed a mistake in issuing the Resolutions dated September 20, 2001 and December 20, 2001 in CA-G.R. SP No. 66546, which dismissed outright the Petition for Certiorari filed by PCI Leasing and denied the latter's Motion for Reconsideration.

To recall, the Court of Appeals based the dismissal of the Petition for Certiorari on the fact that (1) the appeal of

PCI Leasing was filed out of time and (2) the Notice of Appeal supposedly involved pure questions of law.

For purposes of clarity and organization, the Court deems it proper to address the second of the above grounds first.

The Court of Appeals concluded that the Notice of Appeal involved pure questions of law on the basis of the statement therein that the Order dated October 13, 2000, the Resolution dated January 4, 2001 and the Resolution dated April 6, 2001 of the RTC would be appealed to the Court of Appeals on the ground that the same were "contrary to the applicable laws and jurisprudence on the matter." The Court of Appeals was of the opinion that it would not have jurisdiction over the intended appeal since the same should be raised to the Supreme Court via a Petition for Review on Certiorari under Rule 45 of the Rules of Court.

We hold that the Court of Appeals was unreasonably hasty in inferring its lack of jurisdiction over the intended appeal of PCI Leasing. The above-stated conclusion of the Court of Appeals was simply uncalled for, notwithstanding the said statement in the Notice of Appeal.

Under Rule 41, Section 5 of the Rules of Court, a notice of appeal is only required to indicate (a) the parties to the appeal, (b) the final judgment or order or part thereof appealed from, (c) the court to which the appeal is being taken, and (d) the material dates showing the timeliness of the appeal. In usual court practice, a notice of appeal would consist of one or two pages.

Only after the specific issues and arguments of PCI Leasing are laid out in detail before the Court of Appeals in the appropriate substantive pleading can it make a conclusion as to whether or not the issues raised therein involved pure questions of law.

As regards the ruling of the Court of Appeals that the appeal of PCI Leasing was filed out of time, the same was in concurrence with the findings of the RTC that the Notice of Appeal was filed one day late. On this matter, we hold that the conclusion of the RTC that PCI Leasing belatedly filed its appeal was correct, but the premise therefor was evidently mistaken.

In accordance with Section 3, Rule 41[63] of the Rules of Court, an ordinary appeal of a judgment by the RTC shall be taken within fifteen (15) days from notice of the judgment or final order appealed from. Said period shall be interrupted by a timely motion for new trial or reconsideration. In *Neypes v. Court of Appeals*,^[64] the Court had the occasion to clarify the rule regarding the period within which an appeal may be taken should a motion for new trial or reconsideration be filed. Thus:

To standardize the appeal periods provided in the Rules and to afford litigants fair opportunity to appeal their cases, the Court deems it practical to allow a fresh period of 15 days within which to file the notice of appeal in the Regional Trial Court, counted from receipt of the order dismissing a motion for a new trial or motion for reconsideration.

Henceforth, this "fresh period rule" shall also apply to Rule 40 governing appeals from the Municipal Trial Courts to the Regional Trial Courts; Rule 42 on petitions for review from the Regional Trial Courts to the Court of Appeals; Rule 43 on appeals from quasi-judicial agencies to the Court of Appeals and Rule 45 governing appeals by certiorari to the Supreme Court. The new rule aims to regiment or make the appeal period uniform, to be counted from receipt of the order denying the motion for new trial, motion for reconsideration (whether full or partial) or any final order or resolution.

x x x x

To recapitulate, a party litigant may either file his notice of appeal within 15 days from receipt of the Regional Trial Court's decision or file it within 15 days from receipt of the order (the "final order") denying his motion

for new trial or motion for reconsideration. Obviously, the new 15-day period may be availed of only if either motion is filed; otherwise, the decision becomes final and executory after the lapse of the original appeal period provided in Rule 41, Section 3. (Emphases ours.)

In the case at bar, PCI Leasing filed a Motion for Reconsideration of the RTC Order dated October 13, 2000, which dismissed Civil Case No. Q-00-40010. On January 4, 2001, the RTC rendered a Resolution, denying the Motion for Reconsideration. Said Resolution was received by PCI Leasing on January 17, 2001.[65] Therefore, PCI Leasing should have filed its Notice of Appeal within 15 days from January 17, 2001 or until February 1, 2001. PCI Leasing actually filed its Notice of Appeal on May 11, 2001 or 114 days after receipt of the Resolution denying its Motion for Reconsideration.

Contrary to the findings of the RTC, the period within which to file the Notice of Appeal should not be reckoned from May 3, 2001,[66] the date of receipt of the RTC Resolution dated April 6, 2001, which denied the Ex Parte Motion for Reconsideration of PCI Leasing.

The aforesaid Ex Parte Motion for Reconsideration was already the second attempt on the part of PCI Leasing to seek a reconsideration of the RTC Order dated October 13, 2000, dismissing Civil Case No. Q-00-40010. It is, thus, in the nature of a second motion for reconsideration. Under Section 5, Rule 37 of the Rules of Court, such motion for reconsideration is a prohibited pleading, which does not toll the period within which an appeal may be taken, to wit:

SEC. 5. Second motion for new trial. - A motion for new trial shall include all grounds then available and those not so included shall be deemed waived. A second motion for new trial, based on a ground not existing nor available when the first motion was made, may be filed within the time herein provided excluding the time during which the first motion had been pending.

No party shall be allowed a second motion for reconsideration of a judgment or final order. (Emphasis ours.)

As PCI Leasing was not able to file the Notice of Appeal within the reglementary period allowed therefor, the RTC Order dated October 13, 2000, dismissing Civil Case No. Q-00-40010, should be deemed final and executory.

Social Security System v. Isip[67] reiterates the well-established doctrine regarding finality of judgments, thus:

A judgment becomes "final and executory" by operation of law. Finality becomes a fact when the reglementary period to appeal lapses and no appeal is perfected within such period. As a consequence, no court (not even this Court) can exercise appellate jurisdiction to review a case or modify a decision that has become final.

When a final judgment is executory, it becomes immutable and unalterable. It may no longer be modified in any respect either by the court which rendered it or even by this Court. The doctrine is founded on considerations of public policy and sound practice that, at the risk of occasional errors, judgments must become final at some definite point in time.

The doctrine of immutability and inalterability of a final judgment has a two-fold purpose: (1) to avoid delay in the administration of justice and thus, procedurally, to make orderly the discharge of judicial business and (2) to put an end to judicial controversies, at the risk of occasional errors, which is precisely why courts exist. Controversies cannot drag on indefinitely. The rights and obligations of every litigant must not hang in suspense for an indefinite period of time.

Notwithstanding the doctrine on immutability of final judgments, the Court finds, after a thorough review of the records, that compelling circumstances are extant in this case, which clearly warrant the exercise of our equity jurisdiction.

Relevantly, *Barnes v. Padilla*[68] states an exception to the rule on the finality of judgments in this wise:

However, this Court has relaxed this rule in order to serve substantial justice considering (a) matters of life, liberty, honor or property, (b) the existence of special or compelling circumstances, (c) the merits of the case, (d) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules, (e) a lack of any showing that the review sought is merely frivolous and dilatory, and (f) the other party will not be unjustly prejudiced thereby.

Invariably, rules of procedure should be viewed as mere tools designed to facilitate the attainment of justice. Their strict and rigid application, which would result in technicalities that tend to frustrate rather than promote substantial justice, must always be eschewed. Even the Rules of Court reflects this principle. The power to suspend or even disregard rules can be so pervasive and compelling as to alter even that which this Court itself had already declared to be final.

In the instant case, the crux of the controversy involves the property of PCI Leasing, i.e., the sum of money supposedly owed to it by the respondents. To our mind, it will not serve the ends of substantial justice if the RTC's dismissal of the case with prejudice on pure technicalities would be perfunctorily upheld by appellate courts likewise on solely procedural grounds, unless the procedural lapses committed were so gross, negligent, tainted with bad faith or tantamount to abuse or misuse of court processes.

In this instance, PCI Leasing would be left without any judicial recourse to collect the amount of P2,327,833.33 it loaned to the respondents. Corollarily, if PCI Leasing would be forever barred from collecting the aforesaid amount, respondent Antonio stands to be unjustly enriched at the expense of PCI Leasing.

Thus, in order to obviate the occurrence of the above-mentioned scenario, the Court finds it necessary to subject to judicial review the RTC Order dated October 13, 2000, dismissing Civil Case No. Q-00-40010.

Section 3, Rule 17 of the Rules of Court is the applicable rule in the instant case, which provision reads:

Sec. 3. Dismissal due to fault of plaintiff. -- If, for no justifiable cause, the plaintiff fails to appear on the date of the presentation of his evidence in chief on the complaint, or to prosecute his action for an unreasonable length of time, or to comply with these Rules or any order of the court, the complaint may be dismissed upon motion of the defendant or upon the court's own motion, without prejudice to the right of the defendant to prosecute his counterclaim in the same or in a separate action. This dismissal shall have the effect of an adjudication upon the merits, unless otherwise declared by the court.

Gomez v. Alcantara[69] explains that "[t]he aforequoted provision enumerates the instances when a complaint may be dismissed due to the plaintiff's fault: (1) if he fails to appear on the date for the presentation of his evidence in chief on the complaint; (2) if he fails to prosecute his action for an unreasonable length of time; or (3) if he fails to comply with the Rules or any order of the court. The dismissal of a case for failure to prosecute has the effect of adjudication on the merits, and is necessarily understood to be with prejudice to the filing of another action, unless otherwise provided in the order of dismissal. Stated differently, the general rule is that dismissal of a case for failure to prosecute is to be regarded as an adjudication on the merits and with prejudice to the filing of another action, and the only exception is when the order of dismissal expressly contains a qualification that the dismissal is without prejudice."

Furthermore, in *Marahay v. Melicor*,[70] we pronounced that "[w]hile a court can dismiss a case on the ground of non prosecution, the real test for the exercise of such power is whether, under the circumstances, plaintiff is chargeable with want of due diligence in failing to proceed with reasonable promptitude. In the absence of a pattern or scheme to delay the disposition of the case or a wanton failure to observe the mandatory requirement of the rules on the part of the plaintiff, as in the case at bar, courts should decide to dispense with rather than wield

their authority to dismiss."

Guided by the foregoing principles, we find that the RTC grievously erred in dismissing Civil Case No. Q-00-40010.

According to the RTC Order dated October 13, 2000, the trial court dismissed the case filed by PCI Leasing in view of the absence of the latter's counsel at the hearing scheduled for that day. PCI Leasing had also been directed, on July 13, 2000, to "take the necessary steps to actively prosecute [its] case, otherwise, the same shall be dismissed."

To our mind, the above circumstances do not constitute sufficient bases to warrant the conclusion that PCI Leasing had lost interest in prosecuting Civil Case No. Q-00-40010.

In its Motion for Reconsideration of the Order dated October 13, 2000, PCI Leasing explained that its counsel merely came late during the hearing scheduled for the said date, arriving at the time when Judge Domingo-Regala was already dictating the order of dismissal. Said hearing was not even for the presentation of the evidence in chief of PCI Leasing, where the latter's presence would be indispensable, but merely for the issuance of Alias Summons. Incidentally, the Motion for Issuance of Alias Summons filed by PCI Leasing is non-litigious in nature, which does not require a hearing under the Rules, as the same could have been acted upon by the RTC without prejudicing the rights of the respondents.[71] All facts necessary for the determination of the motion are already specified therein or a matter of record and there was yet no adverse party to dispute the same as the court had not even acquired jurisdiction over the person of the respondents. It was serious error on the part of the trial court to have denied the first motion for issuance of alias summons for want of notice of hearing. It was also not mandatory for the trial court to set the second motion for hearing.

Despite this, the RTC still dismissed the case and eventually denied the Motion for Reconsideration thereof. While trial courts have the discretion to impose sanctions on counsels or litigants for tardiness or absence at hearings, such sanctions should be proportionate to the offense and should still conform to the dictates of justice and fair play.

Likewise, only a period of one month has passed since PCI Leasing was ordered by the RTC to actively pursue its case, up to the time when Civil Case No. Q-00-40010 was actually dismissed. It does not escape this Court's notice that PCI Leasing failed to successfully prosecute the case for several months due to the difficulties it encountered in locating respondents, who appeared to have a propensity for changing addresses and refusing to accept court processes. Under these circumstances, the delay in the trial court proceedings was not entirely the fault of PCI Leasing.

Verily, it can hardly be said that PCI Leasing engaged in a pattern or scheme to delay the disposition of Civil Case No. Q-00-40010 or committed a wanton failure to observe the mandatory requirement of the rules.

On this score, *Calalang v. Court of Appeals*[72] underscores that "[u]nless a party's conduct is so negligent, irresponsible, contumacious, or dilatory as to provide substantial grounds for dismissal for non-appearance, the courts should consider lesser sanctions which would still amount into achieving the desired end."

WHEREFORE, premises considered, the Petition for Review on Certiorari under Rule 45 of the Rules of Court is GRANTED. The assailed Resolutions dated September 20, 2001 and December 20, 2001 of the Court of Appeals in CA-G.R. SP No. 66546, as well as the Order dated October 13, 2000 and the Resolution dated August 3, 2001 of the Regional Trial Court of Quezon City, Branch 226, in Civil Case No. Q-00-40010, are hereby REVERSED and SET ASIDE. Civil Case No. Q-00-40010 is hereby ordered REINSTATED. No costs.

SO ORDERED.

Puno, C.J., (Chairperson), Carpio Morales, Bersamin, and Villarama, Jr., JJ., concur.

[1] Rollo, pp. 3-45.

[2] Penned by Associate Justice Marina L. Buzon with Associate Justices Eubulo G. Verzola and Bienvenido L. Reyes concurring; rollo, pp. 48-50.

[3] Rollo, pp. 46-47.

[4] Penned by Presiding Judge Leah S. Domingo-Regala; rollo, pp. 104-106.

[5] Rollo, p. 88.

[6] Id. at 65-77.

[7] Id. at 71-71A, 73A-73B, 75A-75B.

[8] Id. at 73.

[9] Id. at 75.

[10] Id. at 77.

[11] Records, p. 20.

[12] Rollo, p. 77-A.

[13] Id. at 78-79.

[14] Id. at 80.

[15] Effective on June 21, 1993.

[16] Rollo, p. 81.

[17] Id. at 82-83.

[18] Id. at 84.

[19] The Notice of Hearing reads:

NOTICE OF HEARING
THE CLERK OF COURT
Regional Trial Court
Branch 226, Quezon City

Greetings:

Please submit the foregoing Motion for the consideration and approval of the Honorable Court immediately upon receipt hereof.

(signed)

JOSE M. SURATOS, JR. (Rollo, p. 83.)

[20] The corresponding Notice of Hearing of the second Motion for Issuance of Alias Summons reads:

NOTICE OF HEARING
THE CLERK OF COURT
Regional Trial Court
Branch 226, Quezon City

Greetings:

Please submit the foregoing Motion for the consideration and approval of the Honorable Court on September 22, 2000 at 8:30 A.M.

(signed)

JOSE M. SURATOS, JR. (Records, pp. 67-68.)

[21] Rollo, p. 87.

[22] Records, p. 71.

[23] Rollo, p. 88.

[24] Id. at 89-94.

[25] Id. at 95-96.

[26] Id. at 97-99.

[27] Id. at 100-101.

[28] The provisions of Section 3, Rule 17 recite:

SEC. 3. Dismissal due to fault of plaintiff. - If, for no justifiable cause, the plaintiff fails to appear on the date of the presentation of his evidence in chief on the complaint, or to prosecute his action for an unreasonable length of time, or to comply with these Rules or any order of the court, the complaint may be dismissed upon motion of the defendant or upon the court's own motion, without prejudice to the right of the defendant to prosecute his counterclaim in the same or in a separate action. This dismissal shall have the effect of an adjudication upon the merits, unless otherwise declared by the court.

[29] Rollo, pp. 102-103.

[30] Id. at 105.

[31] Id.

[32] Id.

[33] Id. at 48-49.

[34] Id. at 51-64.

[35] Id. at 46-47.

[36] Id. at 114.

[37] Id. at 117.

[38] Id. at 118-124.

[39] Id. at 125.

[40] Id. at 134.

[41] The Court Resolution dated May 17, 2004 only mentioned respondent Antonio, without referring to the other respondent Laura M. Milan.

[42] Rollo, p. 139.

[43] Id. at 143.

[44] Id.

[45] Id. at 144-148.

[46] Id. at 149.

[47] Id. at 156.

[48] Id. at 177.

[49] Id. at 157-158.

[50] Id. at 175.

[51] Id. at 177-178.

[52] Id. at 178-A.

[53] Id. at 179-180.

[54] Id. at 181-194.

[55] Id. at 184.

[56] Id. at 207-208.

[57] Id. at 227-238.

[58] Id. at 239-240.

[59] Id. at 243-271.

[60] Id. at 273-284.

[61] Id. at 253.

[62] Id. at 254-258.

[63] The pertinent portions of Section 3, Rule 41 of the Rules of Court read:

SEC. 3. Period of ordinary appeal. - The appeal shall be taken within fifteen (15) days from notice of the judgment or final order appealed from. Where a record on appeal is required, the appellant shall file a notice of appeal and a record on appeal within thirty (30) days from notice of the judgment or final order.

The period of appeal shall be interrupted by a timely motion for new trial or reconsideration. No motion for extension of time to file a motion for new trial or reconsideration shall be allowed.

[64] G.R. No. 141524, September 14, 2005, 469 SCRA 633, 644-646.

[65] Records, back of p. 85.

[66] Id. at 93.

[67] G.R. No. 165417, April 3, 2007, 520 SCRA 310, 314-315.

[68] 482 Phil. 903, 915 (2004).

[69] G.R. No. 179556, February 13, 2009, 579 SCRA 472, 483.

[70] G.R. No. L-44980, February 6, 1990, 181 SCRA 811, 817.

[71] Section 4, Rule 15, Rules of Court.

[72] G.R. No. 103185, January 22, 1993, 217 SCRA 462, 470.

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