

PHILIPPINE NATIONAL RAILWAYS, PETITIONER, VS. MARIO RUSTIA, CARLOS RUSTIA, ROSARIO RUSTIA Y RAMIREZ, EMILIANO EUSEBIO, JR. AND MARIA VICTORIA EUSEBIO, RESPONDENTS.

G.R. NO. 153721. September 15, 2006

Ponente: CORONA, J.

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CORONA, J.:

At bar is a petition for review on certiorari under Rule 45 of the Rules of Court, seeking to annul and set aside the decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 65170 dated November 20, 2001 and its resolution[2] dated May 22, 2002, which affirmed the order of the trial court dated July 28, 2000.

Respondents were co-owners of two parcels of land located in San Jose, Nueva Ecija. Sometime in 1938 or almost 70 years ago, the predecessor of petitioner Philippine National Railways (PNR), the Manila Railroad Company, took possession of about 6,685 sq. m. of said lots to build railroad tracks for its trains. No expropriation suit was ever initiated, however. Neither was just compensation ever paid.

When petitioner PNR refused respondents' demands for payment of just compensation, the latter asked that the subject properties be replaced, to no avail. It was only when respondents sought assistance from the Ombudsman that petitioner offered to settle the monetary claim; however, the offer turned out to be inadequate and unsatisfactory.

In 1996, respondents filed a complaint[3] for payment of just compensation and damages against petitioner in the Regional Trial Court (RTC), Branch 47, of San Fernando, Pampanga.

At the trial presided over by Judge Edgar Y. Chua, petitioner admitted that it took possession of the subject properties without filing an expropriation suit. Thus, the sole question that remained for the trial court's resolution was how much petitioner owed respondents as just compensation.

Respondents (plaintiffs in the RTC) claimed that the fair market value of the properties was P250 per sq. m. Petitioner (defendant there), on the other hand, insisted that, based on the estimate of a reputable appraisal company, the subject land was worth only P7 per sq. m. and thus, its total liability to respondents amounted to only P46,795.

On March 7, 2000, the trial court ordered petitioner to pay respondents the sum of P46,795, with 12% p.a. interest from 1938 (the year

the properties were taken) to the date of full payment, plus P20,000 as attorney's fees.[4]

Petitioner filed a partial motion for reconsideration (MR) while respondents filed their own MR with "advance notice of appeal."

Petitioner argued in its MR that the interest rate should not be 12% p.a. but 6% p.a. since what was involved was payment of just compensation and not payment of a loan or forbearance of money. It also sought the decrease of

the award of attorney's fees from P20,000 to P5,000.

Respondents, on the other hand, contended in their MR that the trial court erred in sustaining petitioner's unreasonably low appraisal of the properties. According to them, the trial court adopted petitioner's estimate of the properties' fair market value without any evidence presented to support it. In the MR, respondents sought the following reliefs: (1) payment of P2,691,514.70 for the two parcels of land; (2) payment of P70,125 as proceeds from the sale of palay from said parcels of land; (3) payment of P20,000 as attorney's fees and (4) P50,000 for moral and exemplary damages.

Respondents also prayed that their "advance notice of appeal" be deemed as having been filed simultaneously with the MR in the event the latter was denied. Later, respondents sought the inhibition of Judge Chua for alleged manifest bias and partiality in favor of petitioner.

Petitioner opposed respondents' MR with "advance notice of appeal" and their motion to inhibit Judge Chua. It contended that the filing of the "advance notice of appeal" divested the trial court of its jurisdiction to act on both motions. It also argued that the MR was a mere scrap of paper since the notice of hearing therein was addressed to the clerk of court and not to its counsel, and that it did not include any explanation why personal service was not made on it.

Judge Chua inhibited himself from the case. The MRs of both parties were re-raffled to Judge Carmelita S. Gutierrez-Fruelda.

On July 28, 2000, Judge Fruelda dismissed petitioner's MR for having been filed out of time. On the other hand, she granted respondents' MR and ruled that the technical infirmities therein were not fatal to render it a mere scrap of paper. She reconsidered the earlier decision of Judge Chua and ordered petitioner pay to respondents:

- [t]he amount of P2,691,514.70 as the value of the two (2) parcels of land with a total area of 6,215 [6,685] sq. meters, taken by [petitioner] from [respondents];
- [t]he amount of P65,450.00 as the proceeds from the sale of palay from [the] said parcels of land;
- [t]he amount of P20,000.00 for attorney's fees and expenses of litigation;
- [t]he amount of P50,000.00 for moral and exemplary damages.[5]

On September 5, 2000, petitioner filed its MR of the above order. Respondents opposed petitioner's MR and prayed for the issuance of a writ of execution. On May 15, 2001, Judge Fruelda issued the following order:

WHEREFORE, all the foregoing considered:

1. The Motion for Reconsideration, dated September 5, 2000, having been filed out of time and being pro forma is hereby denied;
2. Finding that the order, dated July 28, 2000, as final and executory; and
3. Granting the prayer in the opposition and issuing a writ of execution to carry out the dispositive portion of the Order, dated July 28, 2000.

SO ORDERED.[6]

Via a petition for certiorari, petitioner elevated the case to the CA which, in a decision dated November 20, 2001, partially granted the petition and set aside the trial court's order. The CA found that petitioner's MR dated September 5, 2000 was actually filed on time and that it was not pro forma. It held that the trial court gravely abused its discretion when it declared the July 28, 2000 decision as final and executory, and granted respondents'

prayer for the issuance of a writ of execution.

Petitioner filed a partial MR of the above decision, asking the CA to categorically annul the RTC order of July 28, 2000. Respondents, on the other hand, moved for the issuance of a writ of execution. The CA denied both motions.[7]

Only petitioner came to us, faulting the CA for not setting aside the trial court's order of July 28, 2000 and for not modifying its decision dated March 7, 2000.[8]

In support of this appeal, petitioner reiterates its arguments in the lower courts that respondents' MR with "advance notice of appeal" was merely a scrap of paper because (1) the notice of hearing therein was addressed to the trial court's clerk of court (and not to its counsel) and (2) there was no explanation as to why respondents did not personally serve the MR on it. According to petitioner, the Rules mandate that a motion should be addressed to all parties concerned (not to the clerk of court) and that parties should explain why personal service is not possible, if that is in fact the case.

The petition must fail.

The records of this case reveal that the issues raised by petitioner became moot when respondents filed in the RTC an "Amended Motion for Reconsideration and Advance Notice of Appeal"[9] on May 22, 2000. The amended motion included a notice of hearing addressed to petitioner's counsel and a manifestation that the notice was served on said counsel by registered mail due to the distance between counsels' offices.[10] In its assailed order of July 28, 2000, the trial court declared:

..."Amended Motion for Reconsideration and [with] Advance Notice of Appeal," dated May 22, 2000, was received by the court on May 24, 2000. The "Amended Motion..." is the same as the "Motion for Reconsideration and [with] Advance Notice of Appeal" and the only amendment is that the Notice of Hearing is also addressed to the counsel of the defendant and the manifestation that the motion was served to the defendant, thru counsel, by registered mail considering the distance between the parties and their counsel, a copy of the Amended Motion for Reconsideration and Advance Notice of Appeal was sent to the defendant's counsel by registered mail on May 22, 2000.[11]

At any rate, even if respondents defaulted in amending or rectifying the procedural lapse in their MR, we are still not disposed to uphold petitioner. While we have ruled in some cases that a motion not directed to the parties is fatally defective[12] and that a motion that does not comply with the requirements of Rules 13[13] and 15[14] is a worthless piece of paper, our pronouncements on these matters were not absolute because, in a number of cases,[15] we also set aside technicality when necessary to render justice to the litigants.

In *Fulgencio, et al. v. NLRC*,[16] we refused to dismiss the case on the ground that petitioners did not explain why they failed to personally serve their petition on private respondents. There, we declared that technicalities should take a backseat to substantive rights, not the other way around.

In *Philippine Ports Authority v. Sargasso Construction and Development Corporation*,[17] we also ruled that the rules of procedure are intended to serve, not override, justice. Also, in *Al-Amanah Islamic Investment Bank of the Philippines v. Celebrity Travel and Tours, Inc.*,[18] we refused to render obeisance to technicality as it would have placed justice in a straightjacket and hampered its administration.

Based on our foregoing pronouncements, we cannot stymie the cause of respondents on account of mere technicality. Strong considerations of justice constrain us to strike down petitioner's arguments.

As the records of the case show, petitioner took respondents' properties without going through an expropriation and, to this date after almost 70 years, has not paid the former owners a single centavo of just compensation.

Respondents have long been deprived of the possession and enjoyment of their properties. To further delay payment of just compensation, on the flimsy basis that technical requirements were allegedly not complied with, is a blatant travesty of justice. The damage respondents will suffer, if their claims were to be refused, is not at all commensurate to the degree of thoughtlessness their counsel might have committed in failing to conform initially to the procedures prescribed by the Rules.

In the words of Justice Sherman Moreland in *Alonso v. Villamor*[19]:

...a litigation is not a game of technicalities in which one, more deeply schooled and skilled in the subtle art of movement and position, entraps and destroys the other. It is, rather a contest in which each contending party fully and fairly lays before the court the facts in issue and then, brushing aside as wholly trivial and indecisive all imperfections of form and technicalities of procedure, asks that justice be done upon the merits. Lawsuits, unlike duels, are not to be won by rapier's thrust. Technicality, where it deserts its proper office as an aid to justice and becomes its great hindrance and chief enemy, deserves scant consideration.

WHEREFORE, the petition is hereby DENIED.. The assailed decision and resolution of the Court of Appeals in CA-G.R. SP No. 65170 are AFFIRMED.

Costs against petitioner.

SO ORDERED.

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

[*]The Court of Appeals (CA) was impleaded as public respondent in this case. However, under Rule 45, Section 4 of the Rules of Court, the lower court or judges thereof need not be impleaded in petitions for review filed before this Court.

[1] Penned by then CA Presiding Justice Ma. Alicia Austria-Martinez (now an Associate Justice of the Supreme Court) and concurred in by Justices Hilarion L. Aquino (retired) and Jose L. Sabio, Jr. of the Former Second Division of the Court of Appeals; rollo, pp. 166-177.

[2] Resolved by Justice Jose L. Sabio, Jr., as concurred in by Justices Hilarion L. Aquino (retired) and Amelita G. Tolentino, Former Second Division of the Court of Appeals; *id.*, p. 198.

[3] Docketed as Civil Case No. 10952.

[4] Rollo, p. 52.

[5] *Id.*, p. 79.

[6] *Id.*, p. 121.

[7] CA Resolution dated 28 May 2002, *id.*, p. 198.

[8] *Supra* note 4.

[9] Rollo, p. 316.

[10] The office of petitioner's counsel is in Caloocan City while respondents' is in San Fernando, Pampanga.

[11] Rollo, p. 74.

[12] *Juan v. People*, 379 Phil. 404 (1998); *Del Castillo v. Aguinaldo*, G.R. No. 57127, 5 August 1992, 212 SCRA

169.

[13] Filing and Service of Pleadings, Judgments and other Papers.

SEC. 11. Priorities in modes of service and filing. Whenever practicable, the service and filing of pleadings and other papers shall be done personally. Except with respect to papers emanating from the court, a resort to other modes must be accompanied by a written explanation why the service or filing was not done personally. A violation of this Rule may be cause to consider the paper as not filed.

See also *Solar Team Entertainment v. Ricafort*, 379 Phil. 404 (2000).

[14] Motions; see also *Juan v. People*, *supra*.

[15] *Development Bank of the Philippines v. Court of Appeals*, 411 Phil. 121 (2001); *Lim Tong Lim v. Philippine Fishing Gear Industries, Inc.*, 376 Phil. 76 (1999); *Obut v. Court of Appeals*, No. L-40535, 30 April 1976, 70 SCRA 546; *Basco v. Court of Appeals*, 383 Phil. 671 (2000).

[16] G.R. No. 141600, 12 September 2003, 411 SCRA 69.

[17] G.R. No. 146478, 30 July 2004, 435 SCRA 512.

[18] G.R. No. 155524, 12 August 2004, 436 SCRA 356, quoting *Obut v. Court of Appeals*, *supra*.

[19] 16 Phil. 315 (1910).

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