

RN DEVELOPMENT CORPORATION, PETITIONER, VS. A.I.I. SYSTEM, INC.,RESPONDENT.

G.R. No. 166104. June 26, 2008

Ponente: LEONARDO-DE CASTRO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-166104/>

LEONARDO-DE CASTRO, J.:

In this petition for review under Rule 45 of the Rules of Court, petitioner RN Development Corporation (now Fontana Development Corporation) seeks the reversal of the September 2, 2004 decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 75227 entitled *A.I.I. Systems, Inc. v. RN Development Corporation* as reiterated in its November 22, 2004 Resolution[2] denying petitioner's motion for reconsideration.

The assailed decision reversed and set aside an earlier Order and Resolution of the Regional Trial Court (RTC) of Quezon City, Branch 226, in Civil Case No. QOO-41445, dismissing respondent's complaint for its failure to appear for pre-trial and for lack of interest. The respondent's motion for reconsideration of the said Order was denied by the RTC in its Resolution dated March 22, 2002, which is quoted hereunder:

As set forth in the Order of November 27, 2001, the pre-trial in this case has been reset for five times already: first on February 6, 2001, then on April 24, 2001, on August 7, 2001, September 18, 2001 and on November 27, 2001. Let it be noted that on April 24, 2001, there was no appearance for [respondent] and counsel. Again, on August 7, 2001, [respondent] and counsel did not appear, which prompted the Court to reset the pre-trial for the last time to September 18, 2001, with a warning that should the [respondent] and counsel not appear on the next setting, the Court will dismiss the case for lack of interest. On September 18, 2001, counsel for the [respondent] moved for a resetting since the new counsel had not yet studied the proposals for settlement made by the [petitioner]. Thus, pre-trial was again reset for the last time to November 27, 2001. On November 27, 2001, there was again no appearance for the [respondent] and its counsel.

The record thus bears out that the Court had been very lenient to the [respondent] when it allowed the resetting of the pre-trial for five times. In fact, the Court set the pre-trial "for the last time" twice. It is litigants like [respondent] who unduly clog the court dockets by taking advantage of the court's leniency. If only to decongest the court dockets and to serve as a lesson to [respondent] and counsel to be more considerate of the time and resources of the Court, the amended motion for reconsideration is DENIED, for lack of merit.

WHEREFORE, in view of the foregoing, the amended Motion for Reconsideration is DENIED, for lack of merit. The Order of November 27, 2001 is REITERATED.

SO ORDERED.[3]

Aggrieved, respondent went on appeal to the CA on the lone issue as to whether or not its complaint was properly dismissed for its failure to appear on November 27, 2001 for pre-trial and for its lack of interest to prosecute the case.

In its assailed Decision dated September 2, 2004, the CA reversed and set aside the RTC's Order dated November 27, 2001 and the Resolution dated March 22, 2002 and remanded the case to the said trial court for further

proceedings. We quote the fallo of the CA decision:

WHEREFORE, the appealed Order and Resolution of Branch 226 of the Regional Trial Court of Quezon City, in Civil Case No. QOO-41445, dated 27 November 2001 and 22 March 2002, respectively, are hereby REVERSED AND SET ASIDE. The case is remanded to the trial court for further proceedings.

The petitioner sought reconsideration of the above-cited decision, which was denied by the appellate court.

Hence, the petitioner is now before this Court contending that the CA erred in reversing the RTC's Order dismissing the petitioner's complaint because "the inference made by the Court of Appeals was manifestly mistaken; its judgment was based on misapprehension of facts; and the Court of Appeals manifestly overlooked certain facts not disputed by the parties and which, if properly considered, would justify a different conclusion." Petitioner added that the trial court did not commit grave abuse of discretion in dismissing respondent's complaint.

The facts of the case are summed up by the CA from the records in its decision, which reads in part:

On 28 July 2000, AII Systems, Inc. [respondent] filed a Complaint for Sum of Money against RN Development Corporation [petitioner], seeking to collect the outstanding balance of the purchase price of the pipes and fittings, valves and electrical panels which [petitioner] allegedly ordered from [respondent].

On 09 November 2000, [petitioner] filed its answer. On 20 November 2000, [respondent] filed an Ex-Parte Motion to Set Case for Pre-Trial which was granted by the court a quo scheduling the case for pre-trial on 06 February 2001.

During the 06 February 2001 pre-trial conference, parties' counsel manifested their intention to settle the case. In view thereof the pre-trial was reset to 24 April 2001.

At the calendared 24 April 2001 pre-trial, only [petitioner's] counsel appeared. He manifested that there are negotiations for the settlement of the case and moved for the resetting of the pre-trial. The trial court granted said request in order to give the parties an opportunity to settle the case. Pre-trial was rescheduled to 07 August 2001.

In the 07 August 2001 pre-trial meeting, [petitioner's] counsel appeared but [respondent] and counsel were absent. The trial court deferred the pre-trial and set the same to 18 September 2001, with a proviso that said resetting shall be "the last time" and warned that if [respondent] and his counsel will not appear again "the Court shall dismiss the case for lack of interest."

During the 18 September 2001 pre-trial, [respondent's] new counsel appeared. He requested the resetting of the pre-trial because he has yet to study [petitioner's] proposals for the settlement of the case. Despite its warning in the 07 August 2001 Order the trial court relented to [respondent's] request setting another date, 27 November 2001, for pre-trial. The trial court again cautioned the parties that the resetting shall be for the "last time."

On 27 November 2001, pre-trial proceeded. [Petitioner] appeared but [respondent] did not. Pursuant to the trial court's warning contained in the 07 August 2001 Order, the [respondent's] Complaint was dismissed, thus: When this case was called for pre-trial, only [the] counsel for the [petitioner] appeared; there was no appearance for the [respondent] and its counsel.

The court issued a warning during the hearing held on August [7,] 2001 that should the [respondent] and counsel fail to appear again today for pre-trial, the case shall be dismissed. The Court observes that this is the fifth time that this case has been reset for pre-trial...

WHEREFORE, as prayed for, the complaint is hereby DISMISSED for failure of the [respondent] and counsel to appear for pre-trial and for lack of interest...

SO ORDERED.

On 03 December 2001, [respondent] filed its Motion for Reconsideration explaining his failure to attend the 27 November 2001 pre-trial, thus:

- The instant case was scheduled for Pre-Trial last November 27, 2001 at 8:30 a.m. However, the ... counsel [for respondent] arrived in court at 8:34 a.m. or four (4) minutes late ...
- The ... counsel [for respondent] sincerely apologizes for ... tardiness which was entirely unintentional. [He] left his residence [in Sampaloc, Manila] at 7:00 a.m. allotting the usual one (1) hour for his trip to Quezon City knowing that [the] Honorable Court starts its hearing at exactly 8:30 [a.m.] but... along the way [his vehicle suffered] a flat tire... It took ... thirty (30) minutes to replace the ... tire and [he arrived at] Quezon City Hall at 8:20 a.m. ... unfortunately [he] had a hard time locating a parking space. [He] arrived in court at 8:34 a.m.
- [Counsel] for [respondent] had always been punctual in attending the hearing in this case.

On March 22, 2002 [respondent's] motion for reconsideration was denied by the trial court, hence, this appeal.

According to petitioner, the case was scheduled for pre-trial for five (5) times, particularly, on February 6, April 24, August 7, September 18, and November 27, 2001. The pre-trial set for April 24 and August 7, 2001 were reset when respondent and counsel did not appear without any motion for postponement. The pre-trial scheduled for September 18, 2001 was again reset on motion of respondent's counsel who had not studied yet the proposals for settlement. In two of these four resettings, the trial court warned respondent that the resetting "was for the last time" and that in case of another failure to appear, the case would be dismissed for lack of interest. It was only when respondent and counsel failed to appear on November 27, 2001, despite warning, that the trial court dismissed the complaint. Under the foregoing circumstances, petitioner contended that the CA committed a reversible error when it inferred that the trial court had been unduly strict in applying the rules of procedure and that it entirely had no reason to dismiss the complaint. Petitioner likewise disputed the appellate court's observation that the trial court's inflexible attitude failed to meet the fundamental requirement of fairness and justice.

After a careful study and a thorough examination of the records, we find no substantial reason to overturn the findings and conclusions of the CA, particularly, that the respondent should not be blamed entirely for the resetting of the pre-trial, which were duly approved by the trial court for the reasons cited in its orders, quoted hereunder:

- The Order dated February 6, 2001 which reset the pre-trial at the instance of both parties -

When this case was called for pre-trial, the respective counsel of the parties appeared and manifested before the Court their desire for an amicable settlement of this case. In view of this, reset the pre-trial to April 24, 2001 at 8:30 a.m., sharp.

- The Order dated April 24, 2001 which reset the pre-trial at the instance of the petitioner's counsel also in view of the on-going negotiations between the parties -

When this case was called for pre-trial, only the defendant's (petitioner's) counsel, appeared. However, he manifested before this Court that there are negotiations for the settlement of this case and asked for a resetting of the pre-trial today, in order to give the parties time to settle the case. Wherefore, reset the pre-trial to August 7, 2001 at 8:30 a.m., sharp.

- The Order dated August 7, 2001 which allowed for the last time the postponement of the scheduled pre-trial at

the request of [petitioner's] counsel -

When this case was called for pre-trial, only the defendant's (petitioner's) counsel appeared. There was no appearance for the plaintiff (respondent) and counsel. As manifested in open court, to show good faith on the part of the defendant's (petitioner's) counsel and so as not to take advantage of the absence of plaintiff (respondent) and counsel, reset the pre-trial for the last time to September 18, 2001 at 8:30 a.m. sharp.

Notify the plaintiff and counsel. Should the plaintiff and counsel not appear on the next setting, the Court will dismiss the case for lack of interest.

- The Order dated September 18, 2001 which still allowed the postponement of the pre-trial despite the previous warning in the 7 August 2001 Order, on motion of respondent's new counsel to enable him to study the petitioner's proposal for amicable settlement -

When this case was called for pre-trial, the respective counsel of the parties appeared, counsel for the plaintiff moved for a resetting of this case since the new counsel had not yet studied the proposals for settlement made by the defendant. Wherefore, reset this case for pre-trial for the last time to November 27, 2001, with additional setting for initial trial on January 21, 2002, both dates at 8:30 in the morning, sharp.

What remains for consideration is the cancellation of the pre-trial on November 27, 2001 which resulted in the dismissal of the complaint by the trial court. The counsel for respondent sought the reconsideration of the dismissal of the case on the ground that he was only four (4) minutes late. He explained why he came late for pre-trial on November 27, 2001, but nonetheless apologized to the court for his tardiness which was not intentional.

While petitioner now raises a factual issue as to whether or not the counsel for respondent actually arrived in court four (4) minutes late on November 27, 2001, there is nothing on record to show that the allegation of the counsel for respondent on this factual matter was disputed before the trial court. Hence, the CA did not err when it found that the respondent only failed to arrive on time for the pre-trial, instead of finding that there was failure to appear and lack of interest on the part of the respondent. Under this factual setting, the CA properly applied our ruling in *Africa vs. Intermediate Appellate Court*,^[4] which set aside the order of default issued by the trial court due to the ten-minute delay of petitioner's counsel, ratiocinating that:

.. petitioner was declared in default ... for his lawyer's ten-minute delay at the pre-trial ...

It is quite obvious that petitioner was denied his basic right to be heard, even after his counsel had promptly explained the reason for his tardiness at the pre-trial... [I]t would seem that the proverbial wheels of justice literally "oversped". For an innocuous delay of ten minutes, petitioner was ultimately denied due process of law which could have, had respondent judge been in a less hurry to clear his docket, enable him to present his defenses . . .

While it is desirable that the Rules of Court be faithfully observed, courts should not be obsessively strict over the occasional lapses of litigants. Given a good reason, the trial court should set aside its order of default, constantly bearing in mind that it is the exception and not the rule of the day. A default order must be resorted to only in clear cases of obstinate refusal or inordinate neglect to comply with the orders of the court.

Further, in *Bank of the Philippine Islands v. Court of Appeals*, ^[5] we cautioned the courts against the improvident dismissal of cases for failure to prosecute, thus:

xxx. In *Marahay v. Melicor*, we said -

While a court can dismiss a case on the ground of non prosecutur, the real test 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 a 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 rather than wield their authority to dismiss.

Indeed, the dismissal of a case whether for failure to appear during trial or prosecute an action for an unreasonable length of time rests on the sound discretion of the trial court. But this discretion must not be abused, nay gravely abused, and must be exercised soundly. Deferment of proceedings may be tolerated so that cases may be adjudged only after a full and free presentation of all the evidence by both parties. The propriety of dismissing a case must be determined by the circumstances surrounding each particular case. There must be sufficient reason to justify the dismissal of a complaint.

Pre-trial is not a mere technicality in court proceeding for it is essential in the simplification and the speedy disposition of disputes. The Court observed in the case of *Development Bank of the Philippines v. Court of Appeals* [6] that:

Everyone knows that a pre-trial in civil actions is mandatory, and has been so since January 1, 1964. Yet to this day its place in the scheme of things is not fully appreciated, and it receives but perfunctory treatment in many courts. Some courts consider it a mere technicality, serving no useful purpose save perhaps, occasionally to furnish ground for non-suiting the plaintiff, or declaring a defendant in default, or, wistfully, to bring about a compromise. The pre-trial device is not thus put to full use. Hence it has failed in the main to accomplish the chief objective for it: the simplification, abbreviation and expedition of the trial, if not indeed its dispensation. This is a great pity, because the objective is attainable, and with not much difficulty, if the device were more intelligently and extensively handled.

It is the policy of the Court to afford every litigant the amplest opportunity for the proper and just determination of his cause, free from the constraints of technicalities. Since rules of procedure are mere tools designed to facilitate the attainment of justice, courts must avoid the rigid application thereof which tends to frustrate rather than promote the ends of justice. [7] Here, the counsel for respondent, upon receiving the order dismissing the complaint, immediately filed a motion for reconsideration which adequately explained his late arrival for four (4) minutes, which was not disputed before the trial court. Under the circumstances, the latter should have granted respondent's motion for reconsideration of the dismissal of the complaint. The interest of justice will be better served by the continuation of the proceedings and final disposition of the case on the merits before the trial court. Thus, the appellate court did not commit any reversible error when it set aside the order of the trial court dismissing the respondent's complaint.

WHEREFORE, the instant petition is DENIED for lack of merit. The Decision of the Court of Appeals dated September 2, 2004 is AFFIRMED. Civil Case No. QOO-41445 is remanded to the court of origin which is directed to resolve the case with dispatch.

SO ORDERED.

Puno, C.J. (Chairperson), Carpio, Corona, and Azcuna., JJ., conur.

[1] Penned by Associate Justice Perlita J. Tria Tirona and concurred in by Associate Justices Ruben T. Reyes (now Associate Justice of the Supreme Court) and Jose C. Reyes, Jr.; rollo, pp. 32-38.

[2] Id. at 83-85.

[3] Id. at 84.

[4] G.R. No. 76372, August 14, 1990, 188 SCRA 586.

[5] G.R. No. 117385, February 11, 1999, 303 SCRA 19, 24-25.

[6] G.R. No. 49410, January 26, 1989, 169 SCRA 409, 411.

[7] Dalton-Reyes v. Court of Appeals, G.R. No. 149580, March 16, 2005, 453 SCRA 498.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.