

**EUHILDA C. TABUADA, PETITIONER, VS. HON. J. CEDRICK O. RUIZ,
AS PRESIDING JUDGE OF THE REGIONAL TRIAL COURT, BRANCH 39,
ILOILO CITY ERLINDA CALALIMAN-LEDESMA AND YOLANDA
CALALIMA...**

G.R. No. 168799. June 27, 2008

Ponente: NACHURA, J.

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NACHURA, J.:

In this petition for review on certiorari under Rule 45 of the Rules of Court, petitioner assails the March 2, 2005 Order[1] of the Regional Trial Court (RTC) of Iloilo City, Branch 39 in Special Proceedings (Sp. Proc.) No. 5198 and the May 20, 2005 Resolution[2] of the trial court denying the motion for the reconsideration of the challenged order.

The very simple issue raised for our resolution in this case surfaced when the parties in Sp. Proc. No. 5198 (the proceedings for the settlement of the intestate estate of the late Jose and Paciencia Calaliman) manifested to the RTC their desire to amicably settle the case. In light of the said manifestation, the trial court issued the following Order[3] on December 6, 2004:

In view of the strong manifestation of the parties herein and their respective counsel that they will be able to raise (sic) an amicable settlement, finally, on or before 25 December 2004, the Court will no longer be setting the pending incidents for hearing as the parties and their counsel have assured this Court that they are going to submit a "Motion for Judgment Based On An Amicable Settlement" on or before 25 December 2004.

Atty. Honorato Sayno Jr., Atty. Gregorio Rubias and Atty. Raul Retiro are notified in open court.

Serve a copy of this Order to Atty. Rean Sy.

SO ORDERED.[4]

The RTC, however, on March 2, 2005, invoking Section 3,[5] Rule 17, of the Rules of Court, terminated the proceedings on account of the parties' failure to submit the amicable settlement and to comply with the afore-quoted December 6, 2004 Order. The trial court, in the challenged order of even date, likewise denied all the motions filed by the parties.[6]

Petitioner, the administratrix of the estate, and private respondents separately moved for the reconsideration of the March 2, 2005 Order arguing, among others, that the termination of the case was premature, there being yet no payment of the debts and distribution of the estate, and that they had already prepared all the necessary papers for the amicable settlement.[7] Despite the said pleas for reconsideration, the trial court remained firm in its position to terminate the proceedings; hence, in the assailed May 20, 2005 Resolution,[8] it affirmed its earlier order. Dissatisfied, petitioner scuttles to this Court via Rule 45.[9]

The petition is granted.

While a compromise agreement or an amicable settlement is very strongly encouraged, the failure to consummate one does not warrant any procedural sanction, much less provide an authority for the court to jettison the case. [10] Sp. Proc. No. 5198 should not have been terminated or dismissed by the trial court on account of the mere failure of the parties to submit the promised amicable settlement and/or the Motion for Judgment Based On An Amicable Settlement. Given the non-contentious nature of special proceedings [11] (which do not depend on the will of an actor, but on a state or condition of things or persons not entirely within the control of the parties interested), its dismissal should be ordered only in the extreme case where the termination of the proceeding is the sole remedy consistent with equity and justice, but not as a penalty for neglect of the parties therein.[12]

The third clause of Section 3, Rule 17, which authorizes the *motu proprio* dismissal of a case if the plaintiff fails to comply with the rules or any order of the court,[13] cannot even be used to justify the convenient, though erroneous, termination of the proceedings herein. An examination of the December 6, 2004 Order[14] readily reveals that the trial court neither required the submission of the amicable settlement or the aforesaid Motion for Judgment, nor warned the parties that should they fail to submit the compromise within the given period, their case would be dismissed.[15] Hence, it cannot be categorized as an order requiring compliance to the extent that its defiance becomes an affront to the court and the rules. And even if it were worded in coercive language, the parties cannot be forced to comply, for, as aforesaid, they are only strongly encouraged, but are not obligated, to consummate a compromise. An order requiring submission of an amicable settlement does not find support in our jurisprudence and is premised on an erroneous interpretation and application of the law and rules.

Lastly, the Court notes that inconsiderate dismissals neither constitute a panacea nor a solution to the congestion of court dockets. While they lend a deceptive aura of efficiency to records of individual judges, they merely postpone the ultimate reckoning between the parties. In the absence of clear lack of merit or intention to delay, justice is better served by a brief continuance, trial on the merits, and final disposition of the cases before the court.[16]

WHEREFORE, premises considered, the petition for review on certiorari is GRANTED. The March 2, 2005 Order and the May 20, 2005 Resolution of the Regional Trial Court of Iloilo City, Branch 39 in Sp. Proc. No. 5198 are REVERSED and SET ASIDE. The case is REMANDED to the court of origin for further proceedings.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Chico-Nazario, and Reyes., JJ., concur.

[1] Rollo, pp. 57-58.

[2] *Id.* at 70.

[3] *Id.* at 56.

[4] *Id.*

[5] 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.

[6] The pertinent portions of the March 2, 2005 Order reads:

X X X X

To date, however, the herein parties and/or their counsel have egregiously failed to abide by the aforequoted (sic) Order of the Court to the monumental detriment of the Court's avowed goal of rendering justice with dispatch. Ineluctably, with this actuation of the parties and/or their counsel, the Court is of the gnawing impression that they have completely lost interest in the prosecution of the motions extant and/or may have already settled their differences extrajudicially which is, of course, salutary.

In view of this, and in line with the provisions of Section 3, Rule 17 of the Revised Rules of Court, the pendant motions should now be disposed of by the Court with finality.

WHEREFORE, premises duly considered, the instant motions and all their corollary and concomitant ramifications are all hereby DENIED WITH FINALITY and the proceedings in re TERMINATED.

SO ORDERED. (Supra note 1).

[7] Rollo, pp. 59-69.

[8] Id. at 70.

[9] Id. at 4-15.

[10] Rizal Commercial Banking Corporation v. Magwin Marketing Corporation, 450 Phil. 720, 738 (2003), citing Goldloop Properties, Inc. v. Court of Appeals, 212 SCRA 498, 506 (1992).

[11] Section 3(c), Rule 1 of the Rules of Court defines special proceeding as "a remedy by which a party seeks to establish a status, a right, or a particular fact;" see Vda. de Manalo v. Court of Appeals, 402 Phil. 152, 165 (2001).

[12] Dayo v. Dayo , 95 Phil. 703, 707 (1954).

[13] Supra note 5.

[14] Rollo, p. 56.

[15] Goldloop Properties, Inc. v. Court of Appeals, supra note 10.

[16] Rizal Commercial Banking Corporation v. Magwin Marketing Corporation, supra note 10, at 742-743.

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