

**ARRA REALTY CORPORATION, CARLOS D. ARGUELLES AND
REMEDIOS DE LA RAMA-ARGUELLES, PETITIONERS, VS. PACES
INDUSTRIAL CORPORATION, RESPONDENT.**

G.R. No. 169761. December 01, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

This resolves the Petition for Review on Certiorari under Rule 45 of the Rules of Court, praying that the Decision[1] of the Court of Appeals (CA), dated April 11, 2005, and the Resolution[2] dated September 13, 2005, denying herein petitioner's motion for reconsideration, be reversed and set aside.

The records reveal the following antecedent facts.

Petitioner ARRA Realty Corporation (hereinafter ARRA) and respondent Paces Industrial Corporation (hereinafter Paces) entered into an agreement which was summarized in ARRA's letter addressed to Paces dated November 18, 1982, to wit:

I would like to review the arrangement arrived at our meeting yesterday afternoon. You shall share two (2) floors of the proposed 5-storey office building to be constructed on a 992 sq. m. Lot owned by ARRA Realty Corporation located at Alvarado St., Legaspi Village, Makati, Metro Manila. The consideration for which you shall own two (2) floors is SIX MILLION TWO HUNDRED ELEVEN THOUSAND SIX HUNDRED SEVENTY-SIX PESOS (P6,211,676.00) on a deferred payment plan. The initial payment of ONE MILLION EIGHT HUNDRED THREE THOUSAND FOUR HUNDRED SEVENTY-SIX PESOS (P1,803,476.00) shall be paid within sixty (60) days from November 20, 1982 and the balance payable in 20 equal quarterly payments of TWO HUNDRED TWENTY THOUSAND FOUR HUNDRED TEN PESOS (P220,410.00). Every payment that you make, ARRA shall credit your account by way of partial payment to your stock subscriptions of ARRA's capital stock. As soon as our contractor, Pyramid Construction & Engineering Corporation, completes the commitment with us, which is not more than five (5) months, you shall immediately take possession of the floors of your choice. Further, as soon as practicable, the title corresponding to the two (2) floors that you own shall be transferred to your name.

However, should you pay in full at the end of the fourth quarter or at any time prior to the 5 year arrangement, the price shall be adjusted accordingly.

x x x x[3]

Paces' authorized representatives affixed their signatures to the foregoing letter to signify its agreement thereto.

Paces was only able to pay ARRA P2,774,992.02 out of the total contract price of P6,211,676.00 but, nevertheless, it was able to take possession of the 3[rd] and 4[th] floors of the building, bare as a shell. Paces had to spend the amount of P1,312,935.00 for improvements on said floors, including four air-conditioning units, to make it suitable for use as office spaces.

On the other hand, to complete the construction of the building, ARRA had to obtain a loan from China Banking Corporation (CHINABANK), mortgaging the property subject of this case as security for said loan. Subsequently, the property was foreclosed, with CHINABANK as buyer in the amount of P13,900,000.00. Within the period of redemption, ARRA was able to sell the property to Guarantee Development Corporation and Insurance Agency (GUARANTEE) for P22,000,000.00, with the condition that ARRA shall deliver the property to GUARANTEE not later than May 15, 1987, totally free of occupants. GUARANTEE only paid ARRA the partial amount of P21,000,000.00, because the latter failed to deliver the property totally vacated. From the proceeds of the sale to GUARANTEE, ARRA was then able to redeem the property from CHINABANK. On May 15, 1987, title to the lot was transferred in the name of GUARANTEE.

Thereafter, due to the harassment it allegedly suffered at the hands of GUARANTEE, Paces filed a complaint against GUARANTEE and herein petitioners for "Annulment of Sale, Title and Recovery of Real Property and Damages." However, Paces and GUARANTEE subsequently entered into a Compromise Agreement, which was embodied in the Partial Decision of the Regional Trial Court of Makati (RTC). Pursuant to said Partial Decision, Paces turned over possession of the 3[rd] and 4[th] floors to GUARANTEE, for which the latter paid Paces the amount of P2,000,000.00.

Paces then filed an Amended Complaint, dropping GUARANTEE as defendant and Emiliano Samson as plaintiff in the case. Paces prayed that petitioners be ordered to pay P5,500,000.00 as actual or compensatory damages, P500,000.00 as attorney's fees, and P500,000.00 as exemplary damages.

After trial, the RTC ruled that for Paces' failure to pay the full amount of P6,211,676.00, it did not acquire ownership of the 3[rd] and 4[th] floors. Hence, the RTC ordered petitioners to reimburse or pay Paces P2,774,992.02, the amount the latter had already paid ARRA, with legal interest from the time of the filing of the complaint.

Both parties appealed to the CA, and on April 11, 2005, the CA rendered its Decision, ruling that Paces obtained ownership of the 3[rd] and 4[th] floors, and disposed as follows:

WHEREFORE, the appealed decision is hereby AFFIRMED with the MODIFICATION that the defendants-appellants are ordered to pay, jointly and severally, the herein plaintiff-appellant the amount P4,723,316.00, together with the legal interest thereof, from the time of the filing of the complaint.

SO ORDERED.[4]

Subsequently, Paces filed a Motion for Entry of Judgment[5] dated May 19, 2005, where it was pointed out that a copy of the CA Decision was actually delivered to counsel's address of record, but it was returned to sender with the notation "Moved, left no address." Hence, it prayed that entry of judgment be made as the period for filing a motion for reconsideration had lapsed. Petitioners opposed said motion for entry of judgment and filed a motion with leave of court to admit its motion for reconsideration, attaching a certification[6] from the Office of the Postmaster stating that as far back as July 18, 2000, petitioners' counsel, Atty. Igmidio C. Lat, had filed with said office a new forwarding address. Paces opposed the motion for reconsideration, reiterating that the CA Decision had attained finality, attaching a letter[7] from the Postmaster, Philpost Tanauan, dated May 25, 2005, stating that Registered Mail No. 4310 (addressed to petitioners' counsel, containing the CA Decision) was delivered to Atty. Lat's address on April 15, 2005, but the addressee has moved out without leaving a forwarding address.

The CA then issued a Resolution dated July 22, 2005, admitting petitioners' motion for reconsideration in the interest of justice. Nevertheless, petitioners' motion for reconsideration of the CA Decision was denied, per Resolution dated September 13, 2005.

Hence, this petition where the following issues are raised, to wit:

- (1) WHETHER OR NOT PETITIONERS' APPEAL BY CERTIORARI IS PROPER;
- (2) WHETHER OR NOT PETITIONERS' APPEAL IN THE COURT OF APPEALS SUBSTANTIALLY CONTAINED AN ASSIGNMENT OF ERRORS;
- (3) WHETHER OR NOT THE DECISION OF THE COURT OF APPEALS HAS NOT BECOME FINAL AND UNAPPEALABLE;
- (4) WHETHER OR NOT THE COURT OF APPEALS ERRED IN HOLDING THAT THE AGREEMENT ENTERED INTO BETWEEN THE PARTIES IS ONE OF SALE;
- (5) WHETHER OR NOT THE COURT OF APPEALS ERRED IN HOLDING THAT PETITIONERS ARE LIABLE TO PAY RESPONDENT BASED ON THE FAIR MARKET VALUE OF THE 3rd AND 4th FLOORS OF THE BUILDING;
- (6) WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT RULING THAT RESPONDENT IS BARRED FROM CLAIMING DAMAGES FROM PETITIONERS;
- (7) WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT ORDERING RESPONDENT TO PAY RENTALS IN ARREARS, PLUS INTEREST, ON THE LATTER'S OCCUPANCY OF THE 3rd AND 4th FLOORS OF THE BUILDING;
- (8) WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT ANNULING THE CONDITIONAL DEED OF SALE AND THE DEED OF ABSOLUTE SALE ENTERED INTO BETWEEN PETITIONERS AND GUARANTEE; and
- (9) WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT AWARDING MORAL AND EXEMPLARY DAMAGES AND ATTORNEY'S FEES TO PETITIONERS FOR RESPONDENT'S FILING OF THE WRIT OF ATTACHMENT AND/OR GARNISHMENT. [8]

The petition is doomed to fail.

The foremost question that should be determined is whether the CA Decision has indeed attained finality. The importance of the doctrine of finality of judgment cannot be gainsaid. In *Pasiona, Jr. v. Court of Appeals*,^[9] the Court emphasized the oft-repeated ruling, thus:

x x x With the full knowledge that courts are not infallible, the litigants submit their respective claims for judgment, and they have a right at some time or other to have final judgment on which they can rely as a final disposition of the issue submitted, and to know that there is an end to the litigation. (Emphasis supplied.)

x x x x

This doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice. In fact, nothing is more settled in law than that once a judgment attains finality it thereby becomes immutable and unalterable. It may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest court of the land. (Emphasis supplied.)

x x x x

The finality of decision is a jurisdictional event which cannot be made to depend on the convenience of the party. To rule otherwise would completely negate the purpose of the rule on completeness of service, which is to place the date of receipt of pleadings, judgment and processes beyond the power of the party being served to

determine at his pleasure. (Emphasis and underscoring supplied)

It should be borne in mind that the right of the winning party to enjoy the finality of the resolution of the case is also an essential part of public policy and the orderly administration of justice. Hence, such right is just as weighty or equally important as the right of the losing party to appeal or seek reconsideration within the prescribed period.[10] (Emphasis supplied.)

In this case, petitioners' former counsel, Atty. Lat, never denied that he has not filed a notice of change of address with the CA. He indicated his address in all his pleadings filed with the CA as "N.C. Lat Bldg., Tanauan, Batangas." It was only in his motion for reconsideration of the CA Decision where Atty. Lat stated that he has in fact changed address and had previously notified the Office of the Postmaster of his new address, as shown by a certification from the Office of the Postmaster, Central Post Office, Manila, stating that as far back as July 18, 2000, petitioners' counsel, Atty. Igmidio C. Lat, had filed with said office a new forwarding address.

Considering that no notice of change of address was filed with the CA, Atty. Lat's address of record remained as "N.C. Lat Bldg., Tanauan, Batangas," and petitioners' copy of the CA Decision was, of course, sent to said address. Atty. Lat allegedly never received a copy of the decision and it was only on June 23, 2005, when he personally followed-up the status of the case at the CA, that he was able to obtain a copy of the same.

The question then is, should petitioners be deemed to have received the CA Decision only on June 23, 2005 and begin counting the 15-day period for filing a motion for reconsideration only from said date? The Court holds in the negative.

In *Philippine Airlines, Inc. v. Heirs of Bernardin J. Zamora*,^[11] the petitioner therein also moved to another address but failed to file a notice of change of address with the NLRC. Hence, when a copy of the NLRC decision was sent to said petitioner's address of record via registered mail, the same was returned to sender. In said case, the Court ruled, thus:

The rule on service by registered mail contemplates two situations: (1) actual service, the completeness of which is determined upon receipt by the addressee of the registered mail; and (2) constructive service, the completeness of which is determined upon expiration of five days from the date the addressee received the first notice of the postmaster. A party who relies on constructive service or who contends that his adversary has received a copy of a final order or judgment upon the expiration of five days from the date the addressee received the first notice sent by the postmaster must prove that the first notice was actually received by the addressee. Such proof requires a certified or sworn copy of the notice given by the postmaster to the addressee.

In the instant case, there is no postmaster's certification to the effect that the registered mail containing the NLRC decision was unclaimed by the addressee and thus returned to sender, after first notice was sent to and received by the addressee on a specified date. All that appears from the records are the envelopes containing the NLRC decision with the stamped markings and notation on the face and dorsal sides thereof showing "RTS" (meaning, "Return To Sender") and "MOVED." Still, we must rule that service upon PAL and the other petitioners was complete.

First, the NLRC Deputy Executive Clerk issued a Certification that the envelopes containing the NLRC decision addressed to Mr. Jose Pepiton Garcia and Atty. Bienvenido T. Jamoralin, Jr. were returned to the NLRC with the notation "RTS" and "MOVED." Yet, they and the other petitioners, including PAL, have not filed any notice of change of address at any time prior to the issuance of the NLRC decision up to the date when the Certification was issued on January 24, 2000.

Second, the non-receipt by PAL and the other petitioners of the copies of the NLRC decision was due to their own failure to immediately file a notice of change of address with the NLRC, which they expressly admitted. It is settled that where a party appears by attorney in an action or proceeding in a court of record, all notices or

orders required to be given therein must be given to the attorney of record. Accordingly, notices to counsel should be properly sent to his address of record, and, unless the counsel files a notice of change of address, his official address remains to be that of his address of record.

x x x To our mind, it would have been more prudent had PAL informed the NLRC that it has moved from one floor to another rather than allowed its old address at Allied Bank Center to remain as its official address. To rule in favor of PAL considering the circumstances in the instant case would negate the purpose of the rules on completeness of service and the notice of change of address, which is to place the date of receipt of pleadings, judgments and processes beyond the power of the party being served to determine at his pleasure.

Resultantly, service of the NLRC decision via registered mail was deemed completed as of August 16, 1999, or five days after the first notice on August 11, 1999. As such, PAL only had 10 days from August 16, 1999 to file its motion for reconsideration. Its motion filed on October 29, 1999 was, therefore, late. Hence the NLRC decision became final and executory.[12]

The factual circumstances in the foregoing case are closely analogous to what transpired in the present case. No notice of change of address was ever filed by petitioners' counsel. The CA sent the notice of the decision to petitioners' counsel's address of record via registered mail. Respondent submitted a letter[13] from the Postmaster, Philpost Tanauan, dated May 25, 2005, stating that Registered Mail No. 4310 (addressed to petitioners' counsel, containing the CA Decision) was delivered to Atty. Lat's address on April 15, 2005, but the addressee has moved out without leaving a forwarding address. The records show that the envelope containing the CA Decision was returned to the CA with the notation, "Return to Sender, Moved left no address." [14]

Thus, for failing to seasonably file a notice of change of address with the CA, petitioners' counsel's official address remained as "N.C. Lat Bldg., Tanauan, Batangas," and service of the CA Decision at said official address should be deemed sufficient notice of the decision to petitioners' counsel. Petitioners have no one to blame but themselves for not actually getting a copy of the CA Decision. Hence, as ruled in the Philippine Airlines[15] case, such constructive service to herein petitioners should be considered completed five days after the first notice, in this case, five days after April 15, 2005, or April 20, 2005. Petitioners then only had until May 5, 2005, within which to file a motion for reconsideration, but no such motion was filed within the requisite period.

The filing of a notice of forwarding address with the Office of the Postmaster can never be a substitute to filing a notice of change of address with the court. Petitioners have not presented any acceptable excuse for their failure to file such notice of change of address. They alone should bear the burden of their carelessness. It is not right to make respondent suffer the consequences of petitioners' fault. Since petitioners failed to file a timely motion for reconsideration, the CA Decision had become final and executory and, thus, immutable.

IN VIEW OF THE FOREGOING, the Petition is DENIED. The Decision of the Court of Appeals dated April 11, 2005, and the Resolution dated September 13, 2005, are AFFIRMED.

SO ORDERED.

Carpio, (Chairperson), Nachura, Leonardo-De Castro,[*] and Abad, JJ., concur.

[*] Designated as an additional member in lieu of Associate Justice Jose C. Mendoza, per raffle dated November 24, 2010.

[1] Penned by Associate Justice Romeo A. Brawner, with Associate Justices Edgardo P. Cruz and Jose C. Mendoza, concurring; rollo, pp. 69-77.

[2] Id. at 79-81.

[3] Rollo, p. 91.

[4] Id. at 76-77.

[5] Rollo, pp. 193-195.

[6] Id. at 199.

[7] See Annex "B," Opposition to Defendants-Appellants' Motion for Reconsideration, dated May 25, 2005, id. at 223-231.

[8] Rollo, p. 205.

[9] G.R. No. 165471, 137, July 21, 2008, 559 SCRA 137.

[10] Id. at 145-147. (Emphasis supplied.)

[11] G.R. Nos. 164267 and 166996, March 31, 2009, 582 SCRA 670.

[12] Id. at 683-685. (Emphasis and underscoring supplied.)

[13] See Annex "B," Opposition to Defendants-Appellants' Motion for Reconsideration, dated May 25, 2005, CA rollo, pp. 223-231.

[14] CA rollo, see envelope attached to the back of p. 191.

[15] Supra note 11.

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