

**EDNA G. DE CAMCAM AND BENJAMIN M. BITANGA, PETITIONERS,
VS. DANIEL E. VAZQUEZ, RESPONDENT.***G.R. No. 227258. February 03, 2021*

Ponente: INTING, J.

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This Petition for Review[1] on Certiorari assails the Decision[2] dated January 26, 2016 and Resolution[3] dated September 16, 2016 of the Court of Appeals (CA) in CA-G.R. CV. No. 103230. The assailed rulings of the CA essentially denied petitioners' appeal and affirmed the Resolutions dated December 16, 2013[4] and April 7, 2014,[5] respectively, of Branch 59, Regional Trial Court (RTC), Makati City in Civil Case No. 12-312.

The Antecedents

On April 17, 2012, Edna G. de Camcam (Camcam) and Benjamin M. Bitanga (Bitanga) (collectively, petitioners) filed a Complaint (with Verified Application for Preliminary Injunction and/or Temporary Restraining Order)[6] docketed as Civil Case No. 12-312 for reconveyance with application for preliminary injunction and/or temporary restraining order before the RTC of Makati City.

Petitioners alleged that Camcam owns and possesses a property then covered by Transfer Certificate of Title (TCT) No. S-92989, located at No. 3 Cambridge Circle, North Forbes Park, Makati City (subject property). On March 16, 1981, Camcam mortgaged the subject property to United Coconut Planters Bank (UCPB) as collateral for her loan in the amount of P3.6 Million.[7]

In 1986, Camcam was forced to leave the country because of the threats against her by the government. While she was out of the country, UCPB foreclosed the subject property wherein the latter emerged as the winning bidder for P6.799 Million. Thereafter, UCPB consolidated the title of the subject property to its name.[8]

After learning of the foreclosure, Camcam filed a case for the annulment thereof which was docketed as Civil Case No. 91-1671 with the RTC of Makati. The annulment case ended in 1994 in a compromise settlement whereby Camcam was allowed to redeem the subject property from UCPB in the amount of P26 Million. Camcam designated Bitanga to act as her trustee to redeem the subject property and hold its title on her behalf.[9] A Deed of Sale[10] dated September 12, 1994 was executed between UCPB and Bitanga.

In 1994, as Camcam was in need of funds, she borrowed money from an old friend of hers, Daniel E. Vazquez (Vazquez), who loaned her P16 Million. To secure the loan, Camcam mortgaged to Vazquez the subject property. This transaction was reflected in a document denominated as Sale with Right of Repurchase[11] executed between Bitanga and Vazquez on September 27, 1994 and reexecuted on July 10, 1995.[12] Camcam also executed Guaranty[13] dated September 27, 1994. In 1996, Camcam had fully paid her loan to Vazquez.

In a Letter[14] dated January 2, 2012, Vazquez requested that Camcam vacate the subject property. In her Letter-reply,[15] Camcam refused to heed Vazquez's request essentially maintaining that Vazquez has no right to the subject property as the Sale with Right of Repurchase is an equitable mortgage; that she had fully paid her

loan plus interest; and that the transfer of the title of the subject property to Vazquez is void.

Camcam argued before the RTC that: (1) the Sale with Right of Repurchase is an equitable mortgage;^[16] (2) assuming that she was not able to pay her loan to Vazquez, the automatic transfer of ownership over the subject property to the latter is invalid being in the nature of a pactum commissorium;^[17] and (3) the Sale with Right of Repurchase has no consideration.^[18]

For his part, Vazquez claimed in his Answer^[19] that Bitanga sold the subject property to him on September 27, 1994 with a right of repurchase within a period of one year. For Bitanga's wife's failure to sign the Sale with Right of Repurchase, it was re-executed on July 10, 1995. Camcam knew about the sale transactions involving the subject property from UCPB to Bitanga, and from Bitanga to Vazquez. Camcam even executed a notarized Guaranty wherein she declared the following:

I personally warrant and guaranty the validity of the sale of said property (TCT No. 149575) from the United Coconut Planters Bank to Benjamin M. Bitanga and from Benjamin M. Bitanga to Dr. Daniel Vazquez and will pay for all expenses of litigation, attorney's fees, and loss, by virtue of said transactions without need of verbal or written demand or notices.^[20]

When Bitanga failed to repurchase the subject property within the stipulated period, title thereto was transferred to Vazquez under TCT No. 213002.^[21]

By way of special and affirmative defenses, Vazquez contended that the complaint states no cause of action because it admits the execution of the sale documents to him. He denied that the Sale with Right of Repurchase is an equitable mortgage. According to him, for years, petitioners did not do anything to reform the contract if they believed that it did not express the true intent of the parties. Title to the subject property was transferred to him way back in 1998, but petitioners did nothing to assail it. Further, petitioners are educated people capable of making intelligent judgment. Thus, it is incredible for them to execute a sale when what they intended was a simple mortgage. Vazquez further asserted that the claim set forth has been waived, abandoned, or otherwise extinguished, and is barred by prescription.

On August 7, 2013, Vazquez filed a Motion for Summary Judgment^[22] contending that based on the pleadings submitted, as well as the admissions made by Camcam, there is no genuine issue as to any material fact which will require trial on the merits.

Petitioners opposed^[23] the Motion for Summary Judgment maintaining that: (1) the motion is premature as they are still seeking some amendments in their complaint; (2) even if the proposed amendments are denied, there are already existing factual and legal issues between the parties requiring a full-blown trial; and (3) there remains an issue as to whether the Sale with Right of Repurchase is an equitable mortgage.

The RTC Ruling

In the Resolution^[24] dated December 16, 2013, the RTC granted the Motion for Summary Judgment and dismissed petitioners' complaint. It held that, with the admissions made by Camcam as well as the submitted documentary evidence, there is no longer an issue demanding a full-blown trial. Camcam's admitted facts and the documentary evidence on record already confirmed Vazquez's ownership over the subject property.

Petitioners sought a reconsideration of the RTC Resolution, but the RTC denied it in a subsequent Resolution^[25] dated April 7, 2014.

Aggrieved, petitioners appealed to the CA where they argued that the disposition of the case was premature considering that they were still seeking an amendment of their complaint and that there were genuine issues in the case necessitating a full-blown trial.

The CA Ruling (CA-G.R. CV No. 103230)

On January 26, 2016, the CA in CA-G.R. CV No. 103230 rendered the assailed Decision[26] affirming the RTC. The CA held at Vazquez was able to prove that there is no genuine issue as to any material fact in the case. It noted that Camcam admitted knowing the sale transactions involving the subject property and even executed the Guaranty wherein she acknowledged the validity of all the transactions leading to the transfer of the subject property to Vazquez.[27]

The CA further held that the RTC did not err in granting the Motion for Summary Judgment despite the pendency before the different division of a related case docketed as CA-G.R. SP No. 129738[28] wherein petitioners put in issue the propriety of the amendment of the complaint. The CA reasoned that there was no injunctive order from the CA in CA -G.R. SP No. 129738 ordering the RTC to desist from continuing with the proceedings of the case.

The CA denied petitioner's subsequent motion for reconsideration in the CA Resolution[29] dated September 16, 2016, in CA-G.R. CV No. 103230.

Incidents in the Amendment of the Complaint

Records show that petitioners sought to amend their complaint by filing a Motion for Leave to Admit Amended Complaint[30] with Attached Amended Complaint (with Verified Application for Preliminary Injunction and/or Temporary Restraining Order)[31] dated August 15, 2012. It was denied by the RTC in an Order[32] dated November 5, 2012. Petitioners' subsequent Motion for Reconsideration[33] was likewise denied. Petitioners then assailed the RTC's denial of the amendment of their complaint through a petition for certiorari before the CA which was docketed CA-G.R. SP No. 129738.

In the Decision[34] dated August 28, 2014 in CA-G.R. SP No. 129738, the CA granted the petition and reversed the RTC. It held that the RTC erred in denying petitioners' Motion for Leave to Admit Amended Complaint because there was no finding that the motion was filed with intent to delay under Section 3,[35] Rule 10 of the Rules of Court. The CA ruled that refusal to allow amendments other than those which may be made as a matter of right under Section 2 of the same Rule may be based only on the ground that the motion was with intent to delay. Further, the amendments to the complaint are proper to forestall delay in the resolution of the actual merits of the parties' respective claims and defenses. The fallo of the decision in CA-G.R. SP No. 129738 reads:

WHEREFORE, premises considered, the Petition for Certiorari is GRANTED. The Orders dated November 5, 2012 and January 8, 2013 denying the petitioners' Motion for Leave to Admit Amended Complaint and Motion for Reconsideration, respectively, are hereby REVERSED and SET ASIDE. The Regional Trial Court of Makati City, Branch 59, is hereby DIRECTED to ADMIT the Amended Complaint and to try the case with dispatch.

SO ORDERED.[36]

In Dr. Daniel E. Vazquez v. Edna G. Camcam and Benjamin M. Bitanga docketed as G.R. No. 216657, Vazquez assailed the CA Decision dated August 28, 2014 in CA-G.R. SP No. 129738 before the Court. In a Resolution[37] dated August 24, 2016, the Court affirmed the CA Decision. Entry of Judgment[38] in G.R. No. 216657 was issued on June 19, 2017.

The Issue

The principal issue in this case is whether the CA erred in affirming the RTC's grant of the Motion for Summary Judgment.

The Court's Ruling

The petition has merit.

In this petition, petitioners maintain that the supervening event, that is, the subsequent amendment of their complaint should have rendered the case moot. They aver that, at any rate, there exists genuine issues that are proper to be threshed out in a full-blown trial. Thus, they pray that the assailed CA ruling be reversed, and the RTC be ordered to set the case for trial and conduct further proceedings.

As mentioned above, the CA in CA-G.R. SP No. 129738 already allowed the amendment of petitioners' complaint. Accordingly, it ordered the RTC to admit the amended complaint and "try" the case. This CA decision was affirmed by the Court on August 24, 2016, and it has already attained finality.

The Rules on Civil Procedure provide that the amended complaint supersedes the complaint.[39] Thus, the grant of the Motion for Summary Judgment, and even the Motion for Summary Judgment itself, have no leg to stand on, as they were both based on the superseded complaint.

With this development, the Court ought to remand the case to the RTC which shall proceed with the case based on the amended complaint.

WHEREFORE, the Decision dated January 26, 2016 and the Resolution dated September 16, 2016 of the Court of Appeals in CA -G.R. CV No. 103230 are REVERSED and SET ASIDE. The case is REMANDED to the Regional Trial Court for further proceedings.

SO ORDERED.

Leonen, (Chairperson), Hernando, Delos Santos, and J. Lopez, JJ., concur.

[*] Referred to as Edna G. Camcam in some parts of the rollo.

[1] Rollo, Vol. 1, pp. 9-39.

[2] Id. at 47-63; penned by Associate Justice Edwin D. Sorongon with Associate Justices Ricardo R. Rosario (now a member of the Court) and Marie Christine Azcarraga-Jacob, concurring.

[3] Id. at 43-45.

[4] Rollo, Vol. 2, pp. 881-892; penned by Judge Winlove M. Dumayas.

[5] Rollo, Vol. 3, p. 981.

[6] Rollo, Vol. 1, pp. 106-122.

[7] Id. at 107.

[8] Id. at 107-108.

[9] Id. at 108.

[10] Id. at 70-76.

[11] Id. at 77-81.

[12] See Sale with Right of Repurchase dated July 10, 1995, id. at 82-86.

[13] Id. at 87-88.

[14] Id. at 92.

[15] Id. at 93-96.

[16] Id. at 111-113.

[17] Id. at 113.

[18] Id. at 113-114.

[19] Id. at 123-156.

[20] Id. at 87.

[21] Rollo, Vol. 2, pp. 590-593.

[22] Id. at 851-857.

[23] See Opposition (Re: Motion for Summary Judgment dated August 6, 2013), id. at 861-866.

[24] Id. at 892-881.

[25] Id. at 936.

[26] Rollo, Vol. 1, pp. 47-63.

[27] Id. at 60.

[28] See Decision dated August 28, 2014 of the Court of Appeals in CA-G.R. SP No. 129738 penned by Associate Justice Carmelita Salandanan-Manahan with Associate Justices Elihu A. Ybañez and Leoncia Real-Dimagiba, concurring; id. at 250-258.

[29] Id. at 43-45.

[30] Id. at 176-178.

[31] Id. at 180-196.

[32] Id. at 197-200.

[33] Id. at 201-212.

[34] Id. at 250-258.

[35] Section 3, Rule 10 of the Rules of Court provides:

SEC. 3. Amendments by Leave of Court. - Except as provided in the next preceding section, substantial amendments may be made only upon leave of court. But such leave may be refused if it appears to the court that the motion was made with intent to delay. Orders of the court upon the matters provided in this section shall be made upon motion filed in court, and after notice to the adverse party, and an opportunity to be heard.

[36] Rollo, Vol. 1, p. 257.

[37] Id. at 332.

[38] Rollo, Vol. 3, p. 1415.

[39] *Philamlife v. Hon. Breva*, 484 Phil. 824, 830 (2004), citing Section 8. Rule 10, 1997 Revised Rules of Civil Procedure.

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