

SANPIRO FINANCE CORPORATION, PETITIONER, VS. INTERMEDIATE APPELLATE COURT, LAGUNA TRANSPORTATION CO. INC., AND LAURO LOPEZ DE LEON, RESPONDENTS.

G.R. No. 72200, March 30, 1993

Ponente: MELO, J.

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MELO, J.:

Before us is a petition for review on certiorari seeking to set aside the decision dated January 16, 1985 and the resolution dated September 17, 1985 of respondent Intermediate Appellate Court (now the Court of Appeals) in its AC-G.R. SP No. 04565, entitled "Laguna Transportation Co. Inc., Lauro Lopez de Leon vs. The Honorable Rafael T. Mendoza, Judge of the Regional Trial Court of Metro Manila, National Capital Judicial Region, Makati, Branch CXXXV; Maximo C. Contreras and Alejandro J. Bernardo, Ex-Oficio Sheriff and Deputy Sheriff, respectively; Sanpiro Finance Corporation and Delta Motor Corp."

The record reveals the following background facts:

From March to September, 1980, Laguna Transportation Co. Inc. (hereinafter referred to as Laguna Trans) and Lauro Lopez de Leon (hereinafter referred to as de Leon), private respondents herein, purchased from Delta Motor Corp. (Delta) 5 units of M.A.N. diesel buses covered with the usual promissory notes and deeds of chattel mortgage.

On February 27, 1981, Delta executed a Deed of Assignment (Annex A of Annex E, Petition; pp. 328-334, Rollo) in favor of the Philippine National Bank (PNB) which stipulated that for and in consideration of --:

... letters of credit accommodation in the amount of DEUTSCHE MARKS: SIXTEEN MILLION THREE HUNDRED EIGHTY ONE THOUSAND ONE HUNDRED FIFTEEN (DM16,381,115.00), and other credit accommodations heretofore or hereafter granted by the ASSIGNEE, the ASSIGNOR has, by way of security for the payment of said loan and other credit accommodations, assigned, transferred and conveyed and by these presents, does hereby assign, transfer and convey, unto the said ASSIGNEE, its successors and assigns, the following lien to be constituted in favor of the ASSIGNOR from the sale on installments of units assembled from CKD's to be imported from the proceeds of the letter of credit accommodation granted by the ASSIGNEE to the ASSIGNOR as well as those imported from subsequent collection from the proceeds of the sale thereof. (p. 328, Rollo.)

From July 1982 to July 1983, private respondents Laguna Trans and de Leon again purchased from Delta eight units of M.A.N. diesel buses covered with the usual promissory notes and deeds of chattel mortgage.

On January 6, 1984, Delta executed a Deed of Assignment (Annex C of Annex E, Petition; p. 220, Rollo) in favor of petitioner Sanpiro in the amount of P26,075,246.60 which deed pertinently provided:

WHEREAS, the ASSIGNOR is a holder in due course of instruments of indebtedness described hereunder in the total aggregate principal amount of Twenty Six Million Seventy Five Thousand Pesos Two Hundred Forty Six and 60/100 (P26,075,246.60), Philippine Currency, pursuant to agreements entered into by and between

the ASSIGNOR and the debtors;

WHEREAS, the ASSIGNOR has offered to sell the aforesaid instruments of indebtedness to the ASSIGNEE on a with recourse basis and the latter had accepted the same under the terms and conditions set forth below;

NOW, THEREFORE, for and in consideration of the foregoing premises, the ASSIGNOR hereby transfers, cedes, assigns, sells, and conveys [u]nto the ASSIGNEE all the ASSIGNOR's rights, interests and participations in and over the aforesaid instruments of indebtedness as well as all chattel/real estate mortgages, pledges, and other securities and documents executed in connection with the instrument of indebtedness, ...

On January 9, 1984, Delta executed another Deed of Assignment (Annex D of Annex E, Petition; pp. 225-229, Rollo) in favor of petitioner Sanpiro in the amount of P2,661,056.38 and the whereas clauses of the deed read exactly as those immediately quoted above except only as to the amount involved.

On April 11, 1984, PNB sent the following letter of demand to respondent Laguna Trans:

Laguna Trans Company

Biñan, Laguna

Attention: Mr. M.V. Cruz

Gentlemen:

This has reference to your outstanding accounts payable to Delta Motor Corporation (DMC).

Please be informed that your accounts payable have been assigned by DMC to the Philippine National Bank. We, therefore, enjoin you to henceforth make all your payments directly to PNB at Accounts Management Group, 7th Floor, PNB Building Escolta, Manila for application to DMC's obligations to PNB.

PNB will not recognize any payments on your accounts hereafter made to DMC.

Very truly yours,

(SGD.)

T.S. CEDO

Asst. Vice President

(p. 307, Rollo.)

And on May 30, 1984, PNB sent another similarly worded letter to respondent Laguna Trans except that it was mentioned in the opening paragraph that Laguna Trans outstanding accounts payable to Delta stood at P3,880,237.25 as of February 29, 1984 (p. 308, Rollo).

In the meantime, Delta was demanding payment of the installments due from respondent Laguna Trans and on September 6, 1984, Delta sent private respondent Laguna Trans and de Leon a letter demanding immediate payment of the arrears due. In reply, private respondents on September 12, 1984 brought to the attention of Delta the demand letters of PNB. On September 25, 1984, petitioner Sanpiro sent a letter to private respondents demanding payment of their debts (Annex G of Annex E; p. 301-a, Rollo).

In view of the conflicting claims against them, private respondents filed on October 1, 1984, a complaint in interpleader (p. 303, Rollo), which was docketed as Civil Case No. 2146 of the Regional Trial Court of Laguna, against petitioner Sanpiro, PNB, and Delta, praying that the court determine which among the defendants is entitled to the payment of the monthly amortization due on the 15 diesel buses from private respondent Laguna

Trans.

On October 4, 1984, petitioner filed a complaint (Annex I of Annex E; pp. 187-206, Rollo) for replevin with damages, docketed as Civil Case No. 8636 of the Regional Trial Court of Makati, Metro Manila, against private respondents Laguna Trans and de Leon, and Francisco A. Magante, Delta, and John Does, which, among other reliefs, prayed that Delta be declared liable to pay petitioner's claim against Laguna Trans, de Leon, and Magante in the event that petitioner be not able to recover its claim against Laguna Trans, de Leon, and Magante.

On October 5, 1984, Judge Rafael T. Mendoza of the Makati RTC, in Case No. 8636, issued a writ of seizure (Annex 5 of Annex E; p. 123, Rollo), ordering the sheriff to take immediate possession of the motor vehicles or passenger buses of private respondents. Upon the authority of the writ of seizure, petitioner succeeded in taking possession of six of private respondents' motor vehicles or passenger buses on October 6, 1984.

On October 8, 1984, private respondents filed a motion (Annex K of Annex E; p. 125, Rollo) to dismiss the complaint and to discharge the writ of replevin on the ground of lack of cause of action and the pendency of another action, referring to Civil Case No. 2146 of the Regional Trial Court of Laguna between the same parties for the same cause. They also filed an urgent ex-parte motion (Annex L of Annex E; p. 131, Rollo) to order the sheriff to desist from implementing the writ of seizure. An opposition thereto was filed by petitioner.

On October 10, 1984, petitioner filed an ex-parte motion (Annex M of Annex E, p. 134, Rollo) to compel private respondents to surrender the remaining seven motor vehicles or passenger buses. A reply thereto was filed by private respondents. On October 11, 1984, the Makati court issued an order (Annex P of Annex E; pp. 147-148, Rollo), directing private respondents to surrender within 24 hours from receipt of copy of the order the 7 remaining M.A.N. diesel buses to the deputy sheriffs.

On October 12, 1984, private respondents filed a motion (Annex Q of Annex E; pp. 149-151, Rollo) for reconsideration of the order dated October 11, 1984. On October 16, 1984, the Makati court issued an order (Annex R of Annex E; pp. 152-153, Rollo) denying said motion for reconsideration and stating that "all other pending incidents are deemed moot and academic by virtue of this order." On the same date, the deputy sheriff issued the notice (Annex S of Annex E; p. 154, Rollo) of sheriff's sale of private respondents' 6 diesel buses on October 26, 1984.

On October 19, 1984, private respondents filed an omnibus motion (Annex T of Annex E; pp. 155-163, Rollo) (1) to set aside the writ of seizure dated October 5, 1984, the orders dated October 11 and 16, 1984 and (2) to stop the sheriff's sale scheduled on October 26, 1984. Petitioner filed an opposition thereto (Annex U of Annex E; pp. 164--177, Rollo).

Despite Judge Mendoza's attention having been invited to the urgency of private respondents' omnibus motion and their urgent request for an early resolution of said omnibus motion in view of the scheduled sheriff's sale on October 26, 1984, Judge Mendoza failed to resolve the omnibus motion.

Consequently, private respondents filed on October 25, 1984 a petition for certiorari and prohibition (Annex E, pp. 304-327, Rollo), docketed as AC-G.R. SP No. 04565, before respondent Intermediate Appellate Court (now Court of Appeals) to annul the writ of seizure and Judge Mendoza's orders dated October 11 and 16, 1984 and to permanently enjoin petitioner and the sheriff from proceeding with the sheriff's sale scheduled for October 26, 1984, and to order the return of the seized buses to private respondents.

On October 25, 1984 and November 29, 1984, the Court of Appeals issued resolutions (Annexes A and B, pp. 78-83, Rollo) ordering the petitioner and the sheriffs to desist and refrain from proceeding with the public auction sale. On November 26, 1984, petitioner filed its Answer With Counter-Petition (Annex H, pp. 392-402, Rollo).

On January 16, 1985, the Court of Appeals promulgated a decision (Annex C, pp. 85-101, Rollo), per Justice Nestor B. Alampay (who later served with distinction in this Court), with the concurrence of Justice Carolina C. Griño-Aquino (now a distinguished Member of this Court) and Justice Nathanael P. de Pano, Jr., the dispositive portion of which reads as follows:

WHEREFORE, the writ of certiorari prayed for by the petitioners herein is hereby granted and the writ of seizure dated October 5, 1984 issued by respondent Judge in Civil Case No. 8636 of his court is, therefore, declared null and void. As a consequence of this judgment, and inasmuch as the operation of the passenger buses of petitioner Laguna Transportation Co. is impressed with public interest, it is hereby ordered, in the greater interests of public welfare, that the passenger buses of petitioner Laguna Transportation Co. which were seized upon the various orders of respondent Judge of the court below be immediately returned to the petitioner Laguna Transportation Co., Inc. (Emphasis in the original.)

Respondent Judge is also hereby ordered to dismiss said Civil Case No. 8636 for replevin but without prejudice to the refiling of the same suit should private respondent Sanpiro Finance Corporation prevail in the interpleader case.

Costs are adjudged against the two private respondents in this case.

Thereafter, petitioner filed an amended motion for reconsideration which was, however, denied in a resolution dated September 17, 1985 (Annex D, pp. 103-106, Rollo).

Hence, the present petition which poses the pivotal issue of whether the pendency of the Laguna case, Civil Case No. 2146, is a ground for the dismissal of Civil Case No. 8636 of the Makati RTC.

The requisites for *lis pendens* are: (1) identity of parties, or at least such as representing the same interests in both actions; (2) identity of rights asserted and reliefs prayed for, the reliefs being founded on the same facts; and (3) identity in both cases is such that the judgment that may be rendered in the pending case would, regardless of which party is successful, amount to *res judicata* in the other.

We find no difficulty in concluding that there is identity of parties between Civil Case No. B-2146 (Laguna) and in Civil Case No. 8636 (Makati). In the Laguna case, the plaintiffs are private respondents Laguna Trans and de Leon and one Mauro Vera Cruz and the defendants are petitioner Sanpiro, Delta, and PNB. In the Makati case, the plaintiff is petitioner Sanpiro and the defendants are private respondents Laguna Trans, de Leon, Delta, Francisco A. Magante, and John Does. In both cases, therefore, petitioner Sanpiro, private respondents Laguna Trans and de Leon, and Delta are parties, with the addition of PNB, Mauro Vera Cruz, and Francisco Magante. However, the addition or elimination of parties do not alter the situation (*Del Rosario, et al. vs. Jacinto, et al.*, 122 Phil. 421 [1965]).

Is there identity of rights asserted and reliefs prayed for in said cases?

In both cases, the rights asserted spring from the Deed of Assignment executed by Delta in favor of PNB and the Deeds of Assignment executed by Delta in favor of petitioner. Said deeds of assignment covered the very same debts of respondents Laguna Trans and de Leon owing to Delta. Both PNB and petitioner, by virtue of said deeds of assignment, were demanding payment from respondents Laguna Trans and de Leon of the very same debts. It follows that there is an identity of rights asserted and reliefs prayed for in both cases.

Too, the identity in both cases is such that any judgment that may be rendered in the Laguna case would amount to *res judicata* in the Makati case. In the event that in the Laguna case, the judgment is that the assignment to PNB should prevail over the assignment to petitioner of the same obligations of respondent Laguna Trans, such judgment would be binding on the Makati case and would amount to *res judicata* of the rights and obligations of

the parties therein; petitioner's cause of action in the Makati case against Delta and private respondents would be devoid of any basis.

We find, therefore, that the Makati court acted with precipitate haste, imprudence, and lack of judicial caution, amounting to grave abuse of discretion, in ordering the seizure of the diesel buses of private respondents, fully cognizant as the presiding judge was of the pendency of Civil Case No. 2146. In this regard we quote with approval the following observations of respondent court:

As Sanpiro can make no claim that it is the owner of the vehicles in question, then until the question is resolved as to which of the assignments made by Delta Motor Corporation, that in favor of PNB or that in favor of Sanpiro Finance Corporation, should prevail, it cannot be rightly considered by the respondent Judge of the Regional Trial Court of Makati, which is but another court of equal standing as the Regional Trial Court of Laguna that had earlier taken cognizance and assumed jurisdiction over the same matter and controversy, that private respondent herein, Sanpiro Finance Corporation, has already established a clear right to possession as could entitle it to affect seizure of the vehicles in question. Much less has the Regional Trial Court of Makati any legal justification to dispose and decree the sale of said vehicle even before the replevin suit has proceeded to actual trial and allow retention by Sanpiro of the passenger buses of petitioner.

The fallacy of and imprudence of the action taken by the respondent Judge of the Regional Trial Court is instantly obvious. It is plain and evident that there is an equal possibility, nay even a stronger probability, that the earlier assignment made by Delta Motors Corporation of its credit to PNB, dated February 27, 1981 may prevail over an assignment of the same credit made three years later by Delta Motors to Sanpiro Finance Corporation pursuant to two deeds of assignment, dated January 6, 1984, (Complaint in Replevin Case No. 8636, Par. 46; Rollo, 94). To instantly favor and bestow absolute recognition to private respondent[s] Sanpiro's alleged right of possession over the vehicles or passenger buses of the petitioner even if and after attention of respondent Judge of the Regional Trial Court of Makati had been drawn to the interpleader case filed ahead and pending, is in our view, to say the very least, a manifest gross abuse of discretion and a glaring disregard of comity and respect that respondent Judge has the duty to accord to another co-equal court. (pp. 94-95, Rollo.)

WHEREFORE, the petition is hereby DENIED, with costs against petitioner.

SO ORDERED.

Feliciano, (Acting Chairman), Bidin, Davide, Jr., and Romero, JJ., concur.

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