

Title: Hiyas Savings and Loan Bank, Inc. vs. Hon. Edmundo T. Acuña and Alberto Moreno

Facts:

1. On November 24, 2000, Alberto Moreno filed a complaint in the Regional Trial Court (RTC) of Caloocan City against Hiyas Savings and Loan Bank, Inc., his wife Remedios, the spouses Felipe and Maria Owe, and the Register of Deeds of Caloocan City.
2. Moreno claimed that he neither secured a loan from Hiyas Savings nor signed a contract of mortgage with them. He alleged that his wife colluded with Hiyas Savings and the spouses Owe to fabricate his signature on the mortgage contract while he was abroad.
3. On May 17, 2001, Hiyas Savings and Loan Bank filed a Motion to Dismiss, arguing that the complaint should be dismissed for Moreno's failure to comply with Article 151 of the Family Code, which mandates earnest efforts toward a compromise in intra-family disputes before filing a lawsuit.
4. Moreno countered with his Comment, arguing that since not all defendants were family members, Article 151 was inapplicable.
5. Moreno also requested a declaration of default against the defendants for failing to file an answer on time. The bank opposed this motion.
6. On November 8, 2001, the RTC denied the Motion to Dismiss, stating that the presence of parties who were strangers to the family negated the requirement for earnest compromise efforts as per previous rulings in *Magbaleta v. Gonong*.
7. Hiyas Savings filed a Motion for Partial Reconsideration, which was also denied by the RTC on May 7, 2002.
8. Hiyas Savings then filed a Petition for Certiorari with the Supreme Court, contending that the RTC Judge committed grave abuse of discretion.

Issues:

1. Whether the RTC erred in ruling that the failure to conduct earnest efforts toward a compromise as required by Article 151 of the Family Code is not a ground for dismissal when strangers to the family are involved.
2. Whether a non-family member party like Hiyas Savings can invoke the failure to comply

with Article 151 as a basis for dismissal.

Court's Decision:

1. The Supreme Court upheld the RTC's decision, reiterating that when a litigation involves parties that include strangers to the family, the requirement for compromise does not apply. The Court emphasized the rationale found in previous rulings, particularly in *Magbaleta v. Gonong*, which stated that the inclusion of a stranger makes it impractical to enforce the requirement of earnest compromise efforts.
2. The Supreme Court further ruled that Article 151 of the Family Code could only be invoked by family members. Since *Hiyas Savings* was not a member of *Moreno's* family, it had no standing to invoke said provision for dismissal.
3. The Court dismissed the petition for certiorari due to improper filing initially, citing the doctrine of hierarchy of courts, which states that matters should first be brought to the Court of Appeals before elevation to the Supreme Court.

Doctrine:

The requirement for earnest efforts toward a family compromise under Article 151 of the Family Code does not apply when a case involves parties who are strangers to the family. Such procedural preconditions for litigation apply only among family members exclusively, and only family members can invoke them.

Class Notes:

- Article 151 of the Family Code: Requires earnest efforts toward a compromise before suing family members.
- Doctrine of Hierarchy of Courts: Legal principle dictating the order in which cases are to be brought before the courts.
- *Magbaleta v. Gonong*: Establishes that the presence of a non-family member in litigation removes the requirement for compromise efforts.
- Only family members can invoke Article 151 to seek dismissal based on lack of compromise efforts.

Historical Background:

The Family Code of the Philippines was enacted to govern marital and familial relations,

emphasizing the resolution of disputes within the family setting to maintain harmony and avoid litigation. The doctrine mitigates the friction that lawsuits may cause in familial relations and promotes amicable settlements. This case continues the jurisprudential understanding of how these laws apply when family disputes involve external parties.