



Republic of the Philippines
Supreme Court
Baguio City

THIRD DIVISION

CITYSTATE SAVINGS BANK, INC., G.R. No. 200018
 Petitioner,

Present:

VELASCO, JR., J.,
Chairperson,
 PERALTA,
 MENDOZA,*
 REYES, and
 JARDELEZA, JJ.

- versus -

Promulgated:

MAXIMIANO P. AGUINALDO,
 Respondent.

April 6, 2015

Dignab Dignab

X-----X

DECISION

REYES, J.:

This is a petition for review on *certiorari*¹ under Rule 45 of the Rules of Court, assailing the Decision² dated June 21, 2011 and Resolution³ dated January 5, 2012 of the Court of Appeals (CA) in CA-G.R. SP No. 117154, which reversed and set aside the Orders dated May 24, 2010⁴ and September 20, 2010⁵ of the Regional Trial Court (RTC) of Parañaque City, Branch 274, in Civil Case No. 02-0107. The RTC denied the Motion to Admit Amended Complaint filed by Maximiano P. Aguinaldo (Aguinaldo).

* Additional Member per Special Order No. 1966 dated March 30, 2015 *vice* Associate Justice Martin S. Villarama, Jr.

¹ *Rollo*, pp. 25-61.

² Penned by Associate Justice Ramon A. Cruz, with Associate Justices Jose C. Reyes and Antonio L. Villamor concurring; *id.* at 62-73.

³ *Id.* at 74-76.

⁴ Issued by Presiding Judge Portunito L. Madrona; *id.* at 99.

⁵ *Id.* at 101.

A

The Facts

Aguinaldo claimed that he is the owner and possessor of a 590-square-meter property situated in San Dionisio, Parañaque City and covered by Transfer Certificate of Title (TCT) No. S-79128 of the Register of Deeds of Parañaque City.⁶

Sometime in August 2000, Aguinaldo discovered that a certain Rolando Mojica, Jr. (Mojica) had fraudulently obtained a certificate of title, particularly TCT No. 142492, over the same property in the latter's name. Thereupon, on March 28, 2001, Aguinaldo filed a complaint for the nullification of TCT No. 142492 with the RTC-Branch 258, against Mojica; he likewise caused the annotation of a notice of *lis pendens* in the said title. On September 28, 2001, the RTC-Branch 258, rendered judgment in favor of Aguinaldo and declared TCT No. 142492 null and void.⁷

However, before Aguinaldo discovered the existence of TCT No. 142492, Mojica had already executed a real estate mortgage over the subject property in favor of Citystate Savings Bank, Inc. (Citystate) on October 25, 1991 as security for a loan. When Mojica was unable to pay said loan, Citystate extrajudicially foreclosed the property and was declared the highest bidder in the public auction.⁸ Consequently, Citystate consolidated its title to the subject property; TCT No. 151051 was issued in its name on January 18, 2002.⁹ Thus, on March 8, 2002, Aguinaldo filed a Complaint¹⁰ for annulment of title with the RTC-Branch 274, against Citystate.¹¹

In its Answer,¹² Citystate asserted that it was the real and registered owner of the subject property, having purchased the same at public auction; that its rights over the property have more priority since the filing of the complaint and the annotation on the title by Aguinaldo came after the registration of the Certificate of Sale in its favor. Citystate thus alleged that the decision rendered by the RTC-Branch 258, is without prejudice to its rights over the property.¹³

After the parties have presented their respective evidence, but before the presentation of rebuttal evidence, Aguinaldo filed a Motion to Admit Amended Complaint dated February 24, 2010¹⁴ attaching therewith the

⁶ Id. at 79.

⁷ Id. at 79-80.

⁸ Id. at 103.

⁹ Id. at 63.

¹⁰ Id. at 79-81.

¹¹ Id.

¹² Id. at 82-85.

¹³ Id. at 83.

¹⁴ Id. at 63.

Amended Complaint.¹⁵

Aguinaldo alleged that during the pendency of the case, Citystate was able to secure a writ of possession; that Aguinaldo was thereafter evicted from the subject property. He claimed that Citystate sold the subject property to Syndica Phil. Corporation (Syndica). TCT No. 151051 was thus cancelled and TCT No. 178346 was issued in the name of Syndica.¹⁶

In the Amended Complaint, Aguinaldo impleaded Syndica as Citystate's co-defendant and added the following allegations: (a) that Citystate filed a petition for the issuance of a Writ of Possession; (b) that a writ of possession was illegally issued which resulted in Aguinaldo's ejectment and the demolition of the latter's house; (c) that the said ejectment and demolition resulted in actual damages amounting to ₱3,500,000.00, moral damages and exemplary damages to Aguinaldo; and (d) that Citystate sold the subject property to Syndica who acquired the same in bad faith.¹⁷ Aguinaldo asserted that the amendments on the complaint were necessary to afford complete relief to the parties.

On May 24, 2010, the RTC-Branch 274, issued an Order¹⁸ denying the motion to admit Aguinaldo's amended complaint on the ground that the amendments substantially altered the cause of action and will only delay the resolution of the case:

After due examination of the pleadings re this incident, this Court agrees with the defendant that the amendments would substantially alter the cause of action and would result only in delay in the resolution of the case considering the case is now in the presentation of rebuttal evidence for the plaintiff. It is the considered opinion of this Court that to admit the Amended Complaint, this case will again start from the very beginning as plaintiff will present new evidence to prove his new cause of action/allegations. Accordingly, in order not to unduly delay this case, the motion is denied.¹⁹

Aguinaldo's motion for reconsideration was also denied in the Order²⁰ dated September 20, 2010. Aggrieved, Aguinaldo filed a petition for *certiorari* with the CA imputing grave abuse of discretion on the part of the RTC.

On June 21, 2011, the CA rendered the herein assailed Decision, the *fallo* of which reads:

¹⁵ Id. at 88-98.

¹⁶ Id. at 95-96.

¹⁷ Id. at 90-91.

¹⁸ Id. at 99.

¹⁹ Id.

²⁰ Id. at 101.

WHEREFORE, the petition is GRANTED. The Orders dated May 24, 2010 and September 20, 2010 of the RTC are REVERSED and SET ASIDE. The Regional Trial Court, Branch 274, Paranaque City is hereby ordered to admit herein petitioner's amended complaint in Civil Case No. 02-0107, to issue the necessary summons to the impleaded defendant therein and to resolve the case with dispatch.

SO ORDERED.²¹

On July 12, 2011, Citystate filed a Motion for Reconsideration, which was denied in the Resolution²² dated January 5, 2012.

Hence, this petition.

Citystate raises the following issues, to wit:

1. WHETHER OR NOT A PROPOSED AMENDED COMPLAINT WHICH SUBSTANTIALLY ALTERS THE ORIGINAL CAUSE OF ACTION AND WOULD CAUSE DELAY MAY BE ADMITTED;
2. WHETHER OR NOT A REFUSAL BY THE TRIAL COURT TO ALLOW AMENDMENT OF COMPLAINT AFTER IT FINDS THE SAME TO ONLY CAUSE UNDUE DELAY IN THE DISPOSITION OF THE CASE CONSTITUTES GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION;
3. WHETHER OR NOT THE LEGALITY OR VALIDITY OF THE ISSUANCE AND IMPLEMENTATION OF A WRIT OF POSSESSION AS UPHELD BY THE CA IN A SPECIAL CIVIL ACTION OF *CERTIORARI* MAY BE QUESTIONED OR ASSAILED IN A CASE FOR NULLIFICATION OF TITLE. OTHERWISE STATED, WHETHER OR NOT THE LEGALITY OF A WRIT OF POSSESSION MAY BE ATTACKED IN A NULLIFICATION OF TITLE CASE WITHOUT VIOLATING THE PRINCIPLE OF *RES JUDICATA*; AND
4. WHETHER OR NOT THE ADMISSION OF [AGUINALDO'S] AMENDED COMPLAINT VIOLATES THE PRINCIPLE OF *RES JUDICATA*.²³

²¹ Id. at 72.

²² Id. at 74-75.

²³ Id. at 36-37.

Ruling of the Court

The petition is denied.

Section 3, Rule 10 of the Rules of Court provides that:

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.

Under the 1964 Rules of Court, the said provision reads, as follows:

SEC. 3. *Amendments by leave of court.* - After the case is set for hearing, 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 the action **or that the cause of action or defense is substantially altered.** 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.

In *Spouses Valenzuela v. CA*,²⁴ the Court explained the wisdom behind the departure from the old provision of Section 3 of Rule 10 under the 1964 Rules of Court, thus:

Interestingly, Section 3, Rule 10 of the 1997 Rules of Civil Procedure amended the former rule in such manner that the phrase “*or that the cause of action or defense is substantially altered*” was stricken-off and not retained in the new rules. **The clear import of such amendment in Section 3, Rule 10 is that under the new rules, “the amendment may (now) substantially alter the cause of action or defense.”** This should only be true, however, when despite a substantial change or alteration in the cause of action or defense, the amendments sought to be made shall serve the higher interests of substantial justice, and prevent delay and equally promote the laudable objective of the rules which is to secure a “just, speedy and inexpensive disposition of every action and proceeding.”

Thus, granting *arguendo* that the amendment of the complaint in Civil Case No. PQ-9432-P would substantially alter or change the cause of action or defense in said controversy, this Court nonetheless holds that in the higher interest of substantial justice, **the introduction of amendments to the complaint is *apropos* at this particular instance to forestall further delay in the resolution of the actual merits of the parties’**

²⁴

416 Phil. 289 (2001).

respective claims and defenses. To reiterate, the Rules of Court seek to eliminate undue reliance on technical rules and to make litigation as inexpensive, as practicable and as convenient as can be done. Rules of procedure, after all, are but tools designed to facilitate the attainment of justice, such that when rigid application of the rules tends to frustrate rather than promote substantial justice, the Supreme Court is empowered to suspend their operation. This Court will not hesitate to set aside technicalities in favor of what is fair and just.²⁵ (Citations omitted and emphases ours)

Consistent with the foregoing disquisition, the Court, in *Limbauan v. Acosta*,²⁶ held that:

It is well-settled that amendment of pleadings is favored and should be liberally allowed in the furtherance of justice in order to determine every case as far as possible on its merits without regard to technicalities. **This principle is generally recognized in order that the real controversies between the parties are presented, their rights determined and the case decided on the merits without unnecessary delay to prevent circuitry of action and needless expense.**²⁷ (Citation omitted and emphasis ours)

Verily, the business of the courts is not just merely to dispose of cases seen as clutters in their dockets. Courts are in place to adjudicate controversies with the end in view of rendering a definitive settlement, and this can only be done by going into the very core and to the full extent of the controversy in order to afford complete relief to all the parties involved.

In this case, the CA allowed the amended complaint in order to grant complete relief to Aguinaldo. The additional reliefs being sought in the amended complaint, *i.e.*, nullification of TCT No. 178346 registered in the name of Syndica and restitution of the house valued at ₱3,500,000.00, does not alter Aguinaldo's cause of action or the theory of case. These are mere remedies to which Aguinaldo became entitled to as a result of the alleged supervening events, which rendered the relief being sought in the original complaint inadequate.

The Court notes that when the instant case was instituted, Aguinaldo's prayer was for the nullification of Citystate's certificate of title. He claims that the property over which said title was issued, is owned and possessed by him, while Citystate's certificate of title emanated from another title, which had been adjudged a nullity for having been issued fraudulently. However, during the pendency of the case for annulment of title against Citystate, several intervening circumstances rendered the original relief sought by

²⁵ Id. at 298-299.

²⁶ 579 Phil. 99 (2008).

²⁷ Id. at 111.

Aguinaldo inadequate.

The amended complaint effected no change in the cause of action, defense, or theory of the case since it remained to be an action for the nullity of a title that was erroneously issued in another's name. The CA thus explained:

A perusal of [Aguinaldo's] original complaint shows that essentially, [Aguinaldo's] cause of action is founded on the fact that he is the true and registered owner of the property covered by TCT No. 151051 which was fraudulently registered in the name of Citystate. A reading of the additional allegations (the application and issuance of the writ of possession in favour of Citystate, demolition of the house and subsequent sale of the property to Syndica) in the amended complaint shows that it merely supplements the inadequate allegations of cause of action stated in the original complaint. It merely strengthens [Aguinaldo's] original cause of action by providing a more detailed account thereof, which then puts in clearer perspective the second and third elements of his cause of action. Anent the claim for damages, we hold the same to be incidental to the allegation in the original complaint that the property had been fraudulently transferred from Mojica to Citystate and from the latter to Syndica and was thus intended to obtain complete relief in one action.

While additional reliefs were sought in the amended complaint, (i.e., nullification of subsequent title, Syndica's TCT No. 178346, and restitution of the house valued at P3,500,000.00) the same cannot be considered as altering the theory of the case. These are merely remedies to which [Aguinaldo] is entitled as a result of the supervening events which rendered the relief sought in the original complaint inadequate.

There was no change in the cause of action, defense or theory of the case, in both the original and the amended complaints, as the action is still for the annulment of title.

x x x x

Second, the amendment of the complaint would not result in unnecessary delay. The introduction of amendments to the complaint is proper at this particular instance to avert any further delay in the resolution of the case.

The inclusion of Syndica as additional defendant x x x is necessary for the effective and complete resolution of the case and in order to accord all parties the benefit of due process and fair play in just one proceeding. [Aguinaldo], in his original complaint, sought to nullify TCT No. 151051 in the name of Citystate. Unfortunately, during the pendency of the case, TCT No. 151051 was cancelled and replaced by TCT No. 178346 in the name of Syndica. The non-inclusion of Syndica, who has acquired rights or interest from the assailed title, will render the relief originally sought in Civil Case No. 02-0107 incomplete, if not futile. Thus, the need to amend the complaint to forestall any further need to institute other actions or

proceedings.²⁸

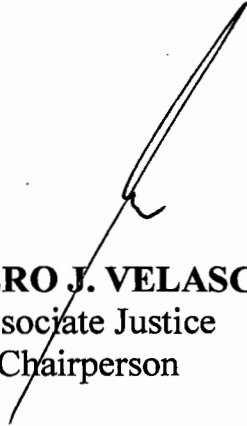
In any case, a substantial alteration in the cause of action or defense is not a bar to amend the original complaint so long as the amendment is not meant for delay. It is also quite absurd that the party who filed the main case would himself resort to dilatory tactics to prolong the disposition of his case. It is undoubtedly to Aguinaldo's interest that this case be decided with dispatch, more so that they have already been evicted from the property.


WHEREFORE, the Decision dated June 21, 2011 and the Resolution dated January 5, 2012 of the Court of Appeals in CA-G.R. SP No. 117154 are **AFFIRMED**.

SO ORDERED.


BIENVENIDO L. REYES
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson



DIOSDADO M. PERALTA
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice