



Republic of the Philippines
Supreme Court
 Manila

SECOND DIVISION

BIÑAN RURAL BANK,
 Petitioner,

G.R. No. 193919

Present:

- versus -

CARPIO, J., *Chairperson,*
 BRION,
 DEL CASTILLO,
 MENDOZA, and
 LEONEN, JJ.

**JOSE WILLELMINO G. CARLOS and
 MARTINA ROSA MARIA LINA G.
 CARLOS-TRAN, represented by their
 Attorney-in-fact, ATTY. EDWIN D.
 BALLESTEROS,**

Promulgated:

Respondents.

15 JUN 2015 *HWC/Calabog/Projecto*

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DECISION

BRION, J.:

We resolve the present petition for review on *certiorari*¹ assailing the January 28, 2010 decision² and September 30, 2010 resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 109157.

The CA dismissed the appeal filed by Biñan Rural Bank (*petitioner*) from the Regional Trial Court's (RTC) denial of its motion to dismiss the complaint for reconveyance (and annulment of absolute sale, real estate mortgage, certificate of sale, title, with damages) filed by Jose Willelmino G. Carlos and Martina Rosa Maria Lina G. Carlos-Tran (*respondents*⁴).

Brief Statement of Facts

The respondents filed a complaint⁵ for reconveyance, annulment of absolute sale, real estate mortgage, certificate of sale, title, with damages against the petitioner-bank and its co-defendants, Purita A. Sayo, Elmar G.

¹ *Rollo*, pp. 3-18.

² Penned by Associate Justice Amelita G. Tolentino, with Associate Justices Arturo G. Tayag and Elihu A. Ybañez, concurring; *id.* at 67-73.

³ *Id.* at 87-89.

⁴ Represented by their Attorney-in-fact, Atty. Edwin D. Ballesteros.

⁵ Docketed as Civil Case No. Q-06-58431; *rollo*, pp. 23-28.

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Cristobal, the Register of Deeds of Quezon City, and Notary Public Atty. Al Harith D. Sali, before the RTC, Branch 83, Quezon City.

The petitioner moved to dismiss⁶ the complaint alleging that: (a) the bank is not a real-party-in-interest in the case, (b) in so far as the bank was concerned, the complaint failed to state a cause of action, and (c) the respondents' cause of action against the bank was barred by the equitable principle of estoppel.

In an order⁷ dated August 26, 2008, the RTC denied the petitioner's motion to dismiss:

Section 2, Rule 3 of the 1997 Rules of Civil Procedure require (*sic*) that every action must be prosecuted and defended in the name of the real party in interest. A "real party in interest" is one who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. "Interest" within the meaning of the rule means material interest, an interest in issue and to be affected by the decree, as distinguished from mere interest in the question involved, or a mere incidental interest. A cursory reading of the complaint will readily show that defendant bank herein is a real party in interest since complainants seek to annul, among others, the certificate of sale in the name of defendant bank and the title in the name of Purita Sayo and it is only in this action that the former can raise the defense of mortgagee in good faith.

As to defendant-bank's allegations that the complaint fails to state a cause of action for the averment of fraud or bad faith allegedly committed was not stated with particularity in the complaint, making it defective and that plaintiff's purported cause of action is barred by the equitable principle of estoppel hence, must be ignored for what is required by the rules for the sufficiency of the complaint are allegations of ultimate facts (Rule 8, Sec. 1 Civil Procedure). Hence, details of probative matters should not be alleged. The defense of defendant bank that it acted in good faith are matters of defense that should be threshed out in a full-blown trial. [Footnote omitted.]

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The petitioner moved for the reconsideration of the ruling,⁹ but the RTC denied its motion in a subsequent order¹⁰ dated May 26, 2009.

The petitioner then filed a petition for *certiorari*¹¹ before the CA assailing the RTC's orders dated August 26, 2008, and May 26, 2009.

In its decision, the CA dismissed the petitioner's *certiorari* petition for lack of merit. It found that the RTC did not gravely abuse its discretion

⁶ In a motion dated December 5, 2007; *id.* at 30-37.

⁷ Issued by Judge Ralph S. Lee; *id.* at 39-40.

⁸ *Id.* at 40.

⁹ In a motion dated September 21, 2008; *id.* at 41-46.

¹⁰ *Id.* at 48.

¹¹ With application for the issuance of a writ of preliminary injunction and/or temporary restraining order; *id.* at 49-63.

when it issued the assailed orders; that the respondent judge, in fact, clearly stated in his orders the reasons for denying the petitioner's motion to dismiss.

The CA denied the petitioner's subsequent motion for reconsideration;¹² opening the way for the petitioner's present petition for review on *certiorari* with this Court. The petition presents the same issues raised before the RTC and the CA.

Our Ruling

We DENY the petition for lack of merit.

An order denying a motion to dismiss is interlocutory and neither terminates nor finally disposes of a case; it is interlocutory as it leaves something to be done by the court before the case is finally decided on the merits.

The denial of a motion to dismiss generally cannot be questioned in a special civil action for *certiorari*, as this remedy is designed to correct only errors of jurisdiction and not errors of judgment.¹³ Neither can a denial of a motion to dismiss be the subject of an appeal which is available only after a judgment or order on the merits has been rendered.¹⁴ Only when the denial of the motion to dismiss is tainted with grave abuse of discretion can the grant of the extraordinary remedy of *certiorari* be justified.¹⁵

Grave abuse of discretion is the **capricious or whimsical exercise** of judgment that effectively brings the acting entity outside the exercise of its proper jurisdiction.¹⁶ The abuse of discretion must be grave, as when the power is exercised in **an arbitrary or despotic manner** by reason of passion or personal hostility, and the abuse must be so patent and gross so as to amount to an evasion of a positive duty or to a virtual refusal to perform the duty enjoined, or to act at all in contemplation of law, as to be equivalent to having acted without jurisdiction.¹⁷

We agree with the CA that using this standard, the RTC did not commit any grave abuse of discretion when it acted as it did. No arbitrariness or despotism attended the issuance of the assailed orders, as the RTC – particularly its August 26, 2008 order – adequately provided and discussed the reasons and legal bases for denying the petitioner's motion to

¹² Id. at 74-83.

¹³ *Rimbunan Hijau Group of Companies v. Oriental Wood Processing Corporation*, 507 Phil. 631, 645 (2005).

¹⁴ See *Bernardo v. CA*, 388 Phil. 793 (2000); *Diaz v. Diaz*, 387 Phil. 314 (2000).

¹⁵ *NM Rothschild & Sons (Australia) Limited v. Lepanto Consolidated Mining Company*, G.R. No. 175799, November 28, 2011, 661 SCRA 328, 337, citing *Global Business Holdings, Inc. v. Surecomp Software, B.V.*, G.R. No. 173463, October 13, 2010, 633 SCRA 94, 102.

¹⁶ *Feliciano v. Villasin*, G.R. No. 174929, June 27, 2008, 556 SCRA 348; *Uy v. Office of the Ombudsman*, G.R. Nos. 156399-400, June 27, 2008, 556 SCRA 73.

¹⁷ *Vergara v. Ombudsman*, G.R. No. 174567, March 12, 2009, 580 SCRA 693; *Nationwide Security and Allied Services, Inc. v. Court of Appeals*, G.R. No. 155844, 14 July 2008, 558 SCRA 148.

dismiss. Mere error of judgment on the part of the RTC, if any, is insufficient ground to reverse the CA's dismissal of the petitioner's *certiorari* petition.

As heretofore clarified, a special civil action for *certiorari* is for the correction of errors of jurisdiction (where the act complained of was issued by the court without or in excess of jurisdiction, or with grave abuse of discretion), and not errors of judgment; in the latter case, the court may have been legally in error in its conclusion, but was still acting in the exercise of its jurisdiction.¹⁸

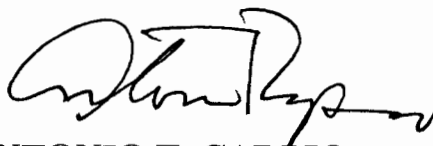
The issues that the petitioner raised are more properly ventilated during the trial of the reconveyance case. Questions of whether the complaint states a cause of action or is barred by estoppel, for instance, require the presentation and/or determination of facts, and can best be resolved in the trial on the merits of the case.¹⁹

WHEREFORE, we **DENY** the petition for review on *certiorari* for lack of merit. The decision dated January 28, 2010 and resolution dated September 30, 2010 of the Court of Appeals in CA-G.R. SP No. 109157 are hereby **AFFIRMED**. Costs against the petitioner.

SO ORDERED.


ARTURO D. BRION
Associate Justice

WE CONCUR:

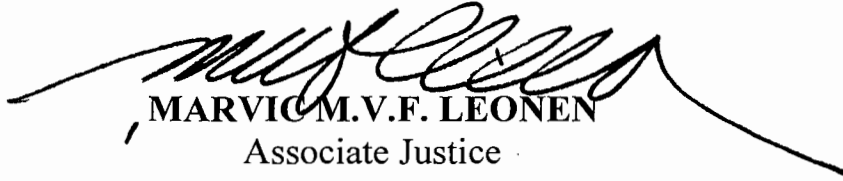

ANTONIO T. CARPIO
Associate Justice
Chairperson


MARIANO C. DEL CASTILLO
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice

¹⁸ See *First Corporation v. Former Sixth Division of the Court of Appeals*, G.R. No. 171989, July 4, 2007, 526 SCRA 564, 578.

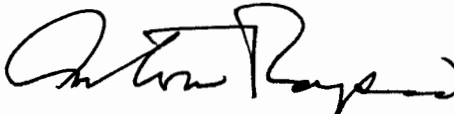
¹⁹ See *Parañaque Kings Enterprises, Inc. v. Court of Appeals*, 335 Phil 1184 (1997).



MARVIC M.V.F. LEONEN
Associate Justice

A T T E S T A T I O N

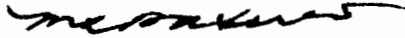
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

C E R T I F I C A T I O N

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