

Republic of the Philippines Supreme Court Manila



THIRD DIVISION

HEIRS **ENCARNACION** OF LLAMAS, ESTATE OF JULITA ENRIQUEZ, DIOSO both represented by **GASPAR**

G.R. No. 339174

Present:

Ε. LLAMAS, JR.,

LEONEN, J., Chairperson,

Petitioners,

HERNANDO,

INTING,

- versu: -

ROSARIO, and LOPEZ, J., JJ.

SPS. ROBERTO M. GABRINO AND CORAZON GABRINO, and ALFREDO C. PENACHOS, JR.,

Promulgated:

Respondents.

July 7, 2021

MIGHOCBaff

DECISION

INTING, J.:

Before the Court is a Petition for Review on Certiorari¹ under Rule 45 of the Rules of Court assailing the Resolutions dated February 7, 2018² and April 12, 2018³ of the Court of Appeals (CA) in CA-G:R. SP No. 07151 which dismissed the Petition for Annulment of Judgment filed by petitioners in an Order⁴ dated February 3, 2010 of Branch 9, Regional Trial Court (RTC), Tacloban City in Case No. 2009-06-67.

Rollo, pp. 13-55.

Id. at 57-59; penned by Associate Justice Geraldine C. Fiel-Macaraig with Associate Justices Edgardo L. Delos Santo: (now a retired member of the Court) and Edward B. Contreras, concurring.

Id. at 74-75.

⁴ Id. at 167-169; penned by Judge Rogelio C. Sescon.

The Antecedents

Civil Case No. 2009-07-CV-12

Heirs of Encarnacion Llamas (Encarnacion) and the Estate of Julita Dioso Enriquez (Julita) (petitioners), both represented by Gaspar E. Llamas, Jr. (Llamas), filed on July 23, 2009, a Complaint⁵ for Unlawful Detainer against Alfredo C. Penachos, Jr. (Penachos) before Branch 2, Municipal Trial Court in Cities (MTCC), Tacloban City docketed as Civil Case No. 2009-07-CV-12.

Julita owned a registered 389-square meter parcel of land under Transfer Certificate of Title (TCT) No. T-251416 designated as Lot No. 714-G (subject property) which she inherited from her father. The ownership over the parcel of land was later transferred to Encarnacion, sister of Julita and mother of Llamas, by virtue of a Certificate of Redemption inscribed at the dorsal portion of TCT No. T-825.⁷ The parcel of land was leased to Penachos in 2004 for ₱2,500.00 a month. However, due to Penachos' refusal to pay his arrears amounting to ₱184,721.83 and to vacate the property, Llamas filed a complaint.⁸

Penachos, for his part, answered that his lease contract is with Donato Enriquez (Donato) and not with petitioners, who are not owners of the property; thus, they have no right to demand that he vacate the property.⁹

The case was referred to mediation and the parties arrived at a compromise agreement whereby they agreed, among others, that: (1) petitioners will forego their claim of unpaid balance; and (2) Penachos will pay petitioners ₱50,000.00 upon signing the agreement, vacate the property, and deliver the residential house built on the disputed property to petitioners without compensation on or before January 31, 2010.¹¹⁰ The agreement was approved by the RTC through Judgment by Way of a Compromise Agreement¹¹¹ dated November 18, 2009.

⁵ Id. at 150-154.

⁶ Id. at 109.

⁷ Id. at 110.

⁸ Id. at 151-152.

⁹ *Id.* at 26-27.

¹⁰ Id. at 28.

¹¹ Id. at 29, 129-130.

After the RTC's issuance of the Judgment by Way of a Compromise Agreement, Llamas discovered the pendency of Civil Case No. 2009-06-67. 12

Civil Case No. 2009-06-67

Unknown to herein petitioners, Spouses Robert and Corazon Gabrino (Spouses Gabrino) filed before Branch 9, RTC, Tacloban City, a Complaint¹³ for Recovery of Possession with Damages with Prayer for Preliminary Injunction dated June 15, 2009 against Penachos, docketed as Civil Case No. 2009-06-67.

Spouses Gabrino alleged that they are the owners of a parcel of land designated as Lot No. 714-G, containing 389 square meters covered by TCT No. T-1770¹⁴ issued by the Registry of Deeds of Tacloban City. The property is presently covered by Tax Declaration (TD) No. 02400020¹⁵ with an assessed value of ₱563,960.00.¹⁶

According to Spouses Gabrino, the subject property was formerly owned by Ciriaco Enriquez (Ciriaco) and inherited by Donato on December 10, 1958 by virtue of a last will and testament executed by Ciriaco. ¹⁷ In 1979, Donato sold the property to Spouses Gabrino, which deed of sale gave rise to the cancellation of the original title and the issuance of TCT No. 1770 in their names. The sale was further affirmed by Donato in an affidavit of confirmation of sale. ¹⁸

Spouses Gabrino continued that, from the time they acquired the property in 1979 up to April 2009, they tolerated the occupancy of Donato's family and later by Penachos. However, as Spouses Gabrino were in the process of expanding their business, they asked their counsel to write a letter to Penachos to demand that he vacate the property. Penachos refused. Hence, the complaint for recovery of possession. 19

¹² *Id.* at 34-A.

¹³ Id. at 76-81.

¹⁴ Id. at 84.

¹⁵ *Id.* at 85.

¹⁶ Id. at. 16.

¹⁷ See My Last Testament dated May 21, 1957, id. at 86-87.

¹⁸ *Id.* at 16-17.

¹⁹ Id. at 17.

Penachos, in his Answer,²⁰ countered that the title of Spouses Gabrino is fraudulent and spurious and that the lot described in TD No. 02400020 is a different lot described in the complaint. He contended that he is the lawful possessor of the subject property by virtue of his Contract of Lease²¹ with Donato executed on June 21, 2003, which contract was renewable every five years. In addition, the contract gave him the priority to purchase the property for the same price and under the terms and conditions that it may be offered for sale to any other person.²²

Spouses Gabrino and Penachos subsequently entered into a compromise agreement whereby they agreed that the latter will immediately vacate the property upon payment of ₱50,000.00 by the former and that they will waive their respective claims against each other.²³

Motion for Intervention

After discovering the existence of Civil Case No. 2009-06-67 for Recovery of Possession filed by Spouses Gabrino against Penachos, Llamas filed a Motion for Leave of Court to Intervene and Motion to Admit Attached Answer-In-Intervention²⁴ with Answer in Intervention.²⁵ Llamas pointed out that there are two compromise agreements concerning one and the same parcel of land, Lot No. 714-G, which is the subject matter of the recovery of possession case (Civil Case No. 2009-06-67 before Branch 9, RTC, Tacloban City) and the unlawful detainer (Civil Case No. 2009-07-CV-12, before Branch 2, MTCC, Tacloban City).²⁶

RTC Order in Civil Case No. 2009-06-67

On February 3, 2010, the RTC issued an Order²⁷ denying petitioners' motion for intervention in this wise:

²⁰ Id. at 88-91.

²¹ Id. at 93-94.

²² *Id.* at 89-90.

²³ *Id.* at 34-A.

²⁴ *Id.* at 131-132.

²⁵ Id. at 134-137.

²⁶ *Id.* at 30-31, 35.

²⁷ Id. at 167-169.

For consideration are motion for leave of court to intervene and to admit answer-in-intervention filed by the would be intervenors Heirs of Encarnacion Llamas and estate of Julita Dioso Enriquez, both represented by Gaspar E. Llamas, plaintiffs' opposition thereto and the compromise agreement of the parties.

This Court, after examining the allegations of the would be intervenors in their motion and answer-in-intervention, as well as the allegations of the plaintiffs in their opposition to the subject motion of the would be intervenors and finding that the interest of the would be intervenor in the property in issue is not clear, plus the fact that the adjudication of the rights of the original parties will be delayed if the leave of court to intervene is granted and the fact that the intervenor's supposed interest/rights may be protected in a separate proceeding, this Court deems it proper to deny the motion for leave of court of the would be intervenors.

This is, however, without prejudice [to] the right of the herein would be intervenors to ventilate their supposed interest/rights of the property in issue against the herein parties in a separate proceeding.²⁸

Proceedings Before the CA

Petitioners then filed before the CA a petition for annulment of judgment under Rule 47 of the Rules of Court which was docketed as CA-G.R. SP No. 07151 as they justified that the remedy of a new trial, an appeal, or a petition for relief from judgment were not available to them.²⁹

Penachos filed an Answer dated March 21, 2015 while the Spouses Gabrino filed a Motion for Extension of Time to File Comment to Motion for Reconsideration of Petitioner dated June 9, 2014 stating that they still have to look for a counsel.³⁰

A Notice of Pre-Trial was issued on June 23, 2016 for August 10, 2016. But it was moved due to conflict of schedule. On August 1, 2016, both Llamas and Penachos filed their respective pre-trial briefs. On August 9, 2016, the CA issued a Resolution cancelling the preliminary conference on August 10, 2016 pending submission by the Clerk of Court of proof of summons to Spouses Gabrino. On August 30, 2016,



²⁸ *Id.* at 167.

²⁹ Id. at 37-38.

³⁰ Id. at 38-39.

the CA issued a Resolution which reset the schedule for a pre-trial conference and held it in abeyance.³¹

On January 31, 2017, the CA issued a Resolution which stated, among others, that Spouses Gabrino failed to file their answer despite the proper service of summons.³²

The preliminary conference was set for February 23, 2017, however, both Llamas and Penachos failed to appear. The CA then issued a Resolution on September 11, 2017 which rescheduled anew the conduct of preliminary conference with a warning that failure of the parties and their counsel to attend the conduct of preliminary conference on November 9, 2017 shall warrant the dismissal of their petition. In the same Resolution, the CA directed the parties to appear before Atty. Ulyses P. Lumangtad, Acting Division Clerk of Court of the 18th Division of the CA.³³

On February 7, 2018, the CA rendered its Resolution³⁴ which dismissed the petition for annulment of judgment filed by petitioners in this wise:

Atty. Sumayod's absence during the conduct of the scheduled Preliminary Conference, in utter disregard of the order of this Court, cannot be countenanced. Evidently, the Court had amply warned the parties and their respective counsels of the consequences of their absence. Further, it must be recalled that the Preliminary Conference had been earlier postponed twice at the instance of petitioners and/or their counsel.

WHEREFORE, in view of the foregoing and pursuant to Section 3, Rule 17, in relation to Section 6, Rule 47 of the Rules of Court, the petition for annulment of judgment is DISMISSED.

SO ORDERED.35

Petitioners filed a Motion for Reconsideration,³⁶ but the CA denied it in its Resolution³⁷ dated April 12, 2018. In denying the motion, the CA



³¹ *Id.* at 39.

³² *L*.

³³ *Id.* at 39-40, 57.

³⁴ *Id.* at 57-59.

³⁵ *Id.* at 59.

³⁶ *Id.* at 60-68.

³⁷ *Id.* at 74-75.

explained that:

[It] finds no cogent reason to warrant the reconsideration or modification of [its] previous conclusion. As already stated, both parties and their counsels had been amply, nay, repeatedly warned of the consequences of their non-appearance during the conduct of the Preliminary Conference. To pander to petitioners' supplication would amount to allowing litigants to abuse the Rules of Court which are designed for the proper and prompt disposition of cases before this Court.

WHEREFORE, the Motion for Reconsideration is DENIED for lack of merit. 38

Hence, the petition.

The Issues

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THE HONORABLE COURT OF APPEALS, FORMER 19th DIVISION, GRAVELY ERRED IN DISMISSING THE INSTANT CASE BASED PURELY ON TECHNICAL RULES OF PROCEDURE DISREGARDING HUMANE CONSIDERATION AND RATHER THAN DECIDING THE CASE ON THE MERITS.

 \mathbf{I}

THE HONORABLE COURT OF APPEALS, FORMER 19th DIVISION, WAS UNJUST AND UNFAIR IN FAILING TO RULE THAT RESPONDENTS-SPS. ROBERTO AND CORAZON GABRINO SHOULD BE IN DEFAULT BY SNUBBING AND DISREGARDING THE SUMMONS AND LEGAL ORDERS ISSUED BY IT.

III

THE HONORABLE COURT OF APPEALS, FORMER 19th DIVISION, GRAVELY ERRED IN FAILING TO CONSIDER THE SPECIAL AND EXTRAORDINARY CIRCUMSTANCES OF COUNSEL'S ILLNESS WHICH IS A FORTUITOUS EVENT IN DISMISSING THE INSTANT CASE CAUSING GRAVE INJUSTICE TO THE PETITIONER.³⁹

Petitioners assert that they have complied with all the orders of the Hearing Officer, such as submission of the pre-trial brief as well as the attendance of its representative, Llamas, in all incidents conducted by



³⁸ Id. at 75.

³⁹ Id. at 42.

the Hearing Officer. Meanwhile, Spouses Gabrino, despite proper summons and notices served on them, never complied with any of the orders especially in the conduct of the preliminary conference. Also, both petitioners and respondents failed to appear at the scheduled preliminary conference on February 23, 2017. On the rescheduled preliminary conference on November 7, 2017, only Llamas appeared for petitioners. However, petitioners' counsel of record subsequently explained in a Manifestation and Motion filed on November 11, 2017 that his failure to appear on the rescheduled preliminary conference was due to a very urgent and important family concern. Petitioners' counsel of record eventually became ill, as shown by the medical certificate attached to his explanation in his opposition to the motion to dismiss filed by Penachos. For petitioners, the CA failed to consider the illness of their regular counsel when it capriciously issued the Resolution dated February 7, 2018 which ordered the dismissal of the petition. Petitioners' timely Motion for Reconsideration was also denied by the CA.⁴⁰

Petitioners would want to highlight the fact that their representative, Llamas was present during the rescheduled preliminary conference on November 7, 2017 and manifested his desire to hire a Cebu-based lawyer to assist him in further proceedings.⁴¹

Petitioners further aver that the CA erred in failing to consider that their counsel failed to appear during the rescheduled preliminary conference on November 7, 2017 due to his confinement at the RTR Hospital, Tacloban City, as shown by his Medical Certificate. They explain that their 73-year-old lawyer had "Sepsis from Septic Arthritis Right Knee Joint Moraxell Lacunata x x x [a]nd would need medical attention for 2 weeks barring complication." Because such illness was inevitable and beyond anybody's control, petitioners assert that the condition should be treated with special humane consideration. 43

Thus, petitioners pray that the Resolutions dated February 7, 2018 and April 12, 2018 be reversed and that the CA be ordered to conduct proceedings anew from the preliminary conference to the reception of evidence until issuance of a decision on the merits.⁴⁴



⁴⁰ Id. at 45-47.

⁴¹ *Id.* at 47.

⁴² See Medical Certificate dated December 13, 2017, id. at 71.

⁴³ *Id.* at 53.

⁴⁴ Id.

On November 21, 2018, the Court ordered respondents to file their comment on the petition, among others. 45 Respondents, however, failed to submit any comment despite the order for them to do so.

Our Ruling

The Court finds no merit in the petition.

The CA correctly dismissed the petition on the ground of petitioners' failure to heed the court's warning, explicitly stated in its Resolution dated September 11, 2017 that failure of the parties and their counsel to attend the preliminary conference on November 9, 2017 shall warrant the dismissal of their petition.⁴⁶

Section(1)(h),⁴⁷ Rule 50 of the Rules of Court provides that the CA may dismiss an appeal, *motu proprio*, for failure of a party to comply with orders, circulars, or directives of the court without justifiable cause. Said provision confers a discretionary power on the CA.⁴⁸

Case law has also declared that it is presumed that the CA exercised sound discretion in deciding whether to dismiss the case in accordance with the rules. While such discretion must be a sound one, to be exercised in accordance with the tenets of justice and fair play, having in mind the circumstances obtaining in each case, the presumption is that it has been so exercised. That is, the burden is on the petitioners to overturn this presumption.⁴⁹

It is clear to petitioners that their presence, as well as that of their counsel, at the preliminary conference on November 9, 2017 is crucial,

⁴⁹ Id.

⁴⁵ See Resolution dated November 21, 2018 of the Court, id. at 172-173.

⁴⁶ Id. at 57.

⁴⁷ Section 1(h), Rule 50 of the Rules of Court provides:

SECTION 1. Grounds for dismissal of appeal. — An appeal may be dismissed by the Court of Appeals, on its own motion or on that of the appellee, on the following grounds:

⁽h) Failure of the appellant to appear at the preliminary conference under Rule 48 or to comply with orders, circulars, or directives of the court without justifiable cause; x x x x x x x x x x x

Heirs of Batori v. Register of Deeds of Benguet, G.R. No. 212611, February 11, 2019, citing Banco de Oro Unibank, Inc. v. Spouses Locsin, 739 Phil. 486, 499 (2014), further citing Philippine National Bank v. Philippine Milling Co., Inc., 136 Phil. 212, 215 (1969).

such that failure to attend would be a ground for the dismissal of their petition. They knew beforehand that their counsel on record, Atty. Sergio C. Sumayod (Atty. Sumayod), will not be available on that date, such that they even filed a Manifestation and Motion dated November 4, 2017 stating that Atty. Sumayod has "a very urgent and important family concern;" hence, his inability to appear on November 9, 2017. Atty. Sumayod further manifested that he made arrangements for a special appearance of a collaborating counsel to appear for him during the preliminary conference. However, when November 9, 2017 came, only Llamas appeared. Invoking the Order dated September 11, 2017, the counsel of Penachos then moved for the dismissal of the petition which the CA granted.50

Petitioners seek for liberality on the ground of Atty. Sumayod's illness.

"Liberality lies within the bounded discretion of a court to allow an equitable result when the proven circumstances require it."51 Liberality however is not an end in itself, otherwise, it will become a backdoor disguising the arbitrariness or despotism of judges and justices.⁵² Factual antecedents of a plea for the exercise of liberality must be clear.53 There must be a showing that the factual basis for a plea for liberality is not one that is due to the negligence or design of the party requesting the suspension of the rules.⁵⁴ Moreover, the basis for claiming an equitable result for all the parties must be clearly and sufficiently pleaded and argued.55 Since courts exercise liberality in line with their equity jurisdiction, it may only be exercised if it will result in fairness and justice.⁵⁶ For courts to exercise liberality, petitioners must show that it would suffer from an injustice not commensurate to thoughtlessness of its procedural mistakes.⁵⁷

The Court finds no sufficient ground to exercise liberality in the case.

Petitioners filed before the CA a petition for annulment of judgment which is a remedy in law independent of the case where the

⁵⁰ Rollo, pp. 40, 58.

Viva Shipping Lines, Inc. v. Keppel Phils. Marine, Inc., et al., 781 Phil. 95, 122 (2016).

⁵² *Id*.

⁵³ Id.

⁵⁴ *Id*.

⁵⁵ Id.

⁵⁶ *Id*.

⁵⁷ *Id.* at 127.

judgment sought to be annulled was rendered.⁵⁸ The purpose of such action is to have the final and executory judgment set aside in order that there will be a renewal of litigation. It is resorted to in cases where ordinary remedies of a new trial, appeal, petition for relief from judgment, or other remedies, are no longer available through no fault of petitioner.⁵⁹

A petition for annulment of judgment is based on only two grounds: extrinsic fraud and lack of jurisdiction or denial of due process. A person need not be a party to the judgment sought to be annulled. It is only essential that one can prove his or her allegation that the judgment was obtained by the use of fraud and collusion and he or she would be adversely affected thereby.⁶⁰

An action to annul final judgment on the ground of fraud lies only if the fraud is extrinsic or collateral in character. Fraud is deemed extrinsic where it prevents a party from having a trial or from presenting his or her entire case to the court, or where it operates upon matters pertaining not to the judgment itself, but to the manner in which it is procured. The overriding consideration, when extrinsic fraud is alleged, is that the fraudulent scheme of the prevailing litigant prevented a party from having his or her day in court.⁶¹

Here, petitioners went to the CA seeking recourse from the Order of the RTC which denied their motion for intervention in Civil Case No. 2009-06-67 for recovery of possession filed by the Spouses Gabrino against Penachos.

However, a reading of the assailed order would show that the RTC denied petitioners' motion for intervention on the ground that the interest of the would-be intervenor is not clear and that the intervenors' supposed interests or rights may be protected in a separate proceeding. Thus, the issuance of the Order denying the motion was without prejudice to the right of petitioners to ventilate their interests and rights in a separate proceeding.⁶²

Alaban v. Court of Appeals, 507 Phil. 682, 694 (2005), citing Islamic Da'Wah Council of the Philippines v. Court of Appeals, 258 Phil. 802, 808 (1989).

⁵⁹ *Id.*, citing Section 1, Rule 47 of the Rules of Court.

⁶⁰ Id., citing Islamic Da'Wah Council of the Philippines v. Court of Appeals at 810-811.

⁶¹ Id., citing Teodro v. Court of Appeals, 437 Phil. 336, 345 (2002).

⁶² Rollo, p. 34.

Notably, a petition for annulment of judgment is a recourse, equitable in character, allowed only in exceptional cases as where there is no available or other adequate remedy.⁶³

To recall, Civil Case No. 2009-06-67 was filed by Spouses Gabrino against Penachos in order to recover from the latter possession of the subject property which Penachos refused to surrender to them.⁶⁴ Even if the CA were to grant petitioners the relief sought for and they are allowed to intervene in the RTC case, such decision would not really determine the rights of petitioners in the property.

An annulment of judgment is an equitable relief not because a party-litigant thereby gains another opportunity to reopen the already final judgment, but because a party-litigant is enabled to be discharged from the burden of being bound by a judgment that was an absolute nullity to begin with.⁶⁵

Petitioners should have taken cue from the RTC Order, that the denial of their motion to intervene is without prejudice to their filing of a separate action where they could ventilate their rights and interests. That is, they have a recourse to assert their rights to the subject property either through an action for quieting of title or an action for reconveyance. Even if petitioners were allowed to file an action for annulment, it will be for naught as they will not derive any real benefit from a favorable ruling.

Finding no sufficient ground to reverse the Resolutions issued by the CA, the denial of the instant petition is warranted.

WHEREFORE, the petition is DENIED for lack of merit.



⁶³ Espinosa v. Court of Appeals, 474 Phil. 111, 118 (2004), citing Barco v. Court of Appeals, 465 Phil. 39, 53 (2004).

⁶⁴ Rollo, p. 79.

⁶⁵ Toledo, et al. v. Court of Appeals, et al., 765 Phil. 649, 664 (2015), citing Dare Adventure Farm Corp. v. Court of Appeals, et al., 695 Phil. 681, 691 (2012), further citing Antonino v. The Register of Deeds of Makati City, et al., 688 Phil. 527, 537 (2012) and Barco v. Court of Appeals, 465 Phil. 39, 64 (2004).

SO ORDERED.

HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:

MARVÍC M.V.F. LEONEN

Associate Justice Chairperson

RAMON PAUL L. HERNANDO

Associate Justice

RICARIO R. ROSARIO

Assariate Justice

JHOSEP LOPEZ
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.

MARVIC MI.V.F. LEONEN

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.

ALEXANDER G. GESMUNDO

Chief Justice