

FIRST DIVISION

[G.R. No. 209295, February 11, 2015]

**DIANA YAP-CO, PETITIONER, VS. SPOUSES WILLIAM T. UY AND
ESTER GO-UY, RESPONDENTS.**

R E S O L U T I O N

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Decision^[2] dated January 23, 2013 and the Resolution^[3] dated September 27, 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 124674, setting aside the dismissal of Civil Case No. 09-122374 and, consequently, directing the conduct of a full-blown trial of the case.

The Facts

On February 28, 2007, respondents-spouses William T. Uy and Ester Go-Uy (respondents) had secured a favorable Decision^[4] rendered by the Regional Trial Court of Roxas, Isabela, Branch 23 in Civil Case No. 23-831 for collection of sum of money and damages against one Joseph Chung (Chung). With the said Decision becoming final and executory, respondents filed a motion for the issuance of a writ of execution thereof, which the said court granted in an Order^[5] dated January 18, 2008.^[6] Subsequently, respondents were the sole bidders of Chung's property, covered by Transfer Certificate of Title (TCT) No. 267949,^[7] sold at public auction in order to satisfy the judgment.^[8]

After the lapse of the allowable period for redemption, respondents were issued a Final Deed of Sale,^[9] which they registered with the Registry of Deeds of Manila on June 17, 2009.^[10] Respondents, however, were unable to secure their new title after being informed that one had already been issued^[11] in favor of herein petitioner Diana Yap-Co (petitioner) who supposedly acquired the property through an execution sale^[12] conducted in implementation of a judgment rendered in Civil Case No. 23-820 entitled "*Spouses Henry Hatol and Isabelita Hatol v. Joseph Chung.*"^[13]

On October 27, 2009, respondents filed a Complaint^[14] for annulment of title and damages with prayer for the issuance of a writ of preliminary injunction and/or temporary restraining order (subject complaint) against petitioner before the Regional Trial Court of Manila, Branch 50 (RTC), docketed as Civil Case No. 09-122374, alleging that the latter's title over the subject property was procured through fraud given that **while respondents' documentary requirements were complete at the time of registration on June 17, 2009, the documents necessary for the registration of petitioner's title were secured only much later.**^[15]

On November 27, 2009, petitioner filed a Motion to Dismiss^[16] on the ground that the complaint allegedly stated no cause of action. In an Order^[17] dated April 5, 2010, the RTC held that it cannot as yet dwell on the issues raised in said motion and directed petitioner to file her Answer instead.

On October 7, 2010, or after the hearing on the application for a writ of preliminary injunction, the RTC issued the writ prayed for against the sale or transfer of the property subject of the complaint, conditioned upon respondents' posting of an injunction bond in the amount of P3,792,760.20.^[18] With the RTC's subsequent denial of her motion for reconsideration^[19] in an Order^[20] dated January 6, 2011, petitioner sought to set aside the injunctive writ through a petition for *certiorari* before the CA, docketed as CA-G.R. SP No. 118831. The petition was, however, subsequently denied by the appellate court in a Decision^[21] dated October 14, 2011.

In the meantime, trial proceeded in due course. However, at the initial presentation of their evidence on November 10, 2011, respondents, as well as their counsel, failed to appear in court. The presiding judge gave them another chance to present evidence with a warning that failure to appear at the next hearing would result in the dismissal of the case.^[22] Respondent Ester Go-Uy was able to present her testimony on February 2, 2012^[23] but respondents repeatedly asked the court for continuance^[24] and, thereafter, failed to appear at the third setting of their direct testimony on March 1, 2012.^[25] Respondents likewise did not attend the next scheduled hearing on March 22, 2012 but instead filed a motion to pre-mark their documentary exhibits.^[26]

The RTC Proceedings

On account of their absence in the hearing of March 1, 2012, the RTC issued the first assailed Order directing that Ester Go-Uy's testimony be stricken off the record of the case.^[27] Later, or on March 22, 2012, after respondents failed to appear once again, the RTC issued the second assailed Order denying their motion to pre-mark documentary exhibits and dismissing the case, *viz.*:

At today's scheduled continuation of presentation of plaintiff's evidence, only the counsel for the defendants is in court.

In an Order dated 01 March 2012, this Court already ordered the striking off from the record of the initial direct testimony of plaintiff Ester Go-Uy.

In view thereof, and there being no other evidence adduced by the plaintiff, considering further the continued absence of the plaintiffs despite notice, this Court hereby grants the standing motion of the defendants to dismiss this case.

x x x x

SO ORDERED.^[28]

Respondents sought to set aside the dismissal of their case through an Omnibus Motion, which the RTC eventually denied in an Order^[29] dated April 30, 2012. Thereafter, they elevated the matter to the CA through a petition for *certiorari* with a prayer for an injunctive writ, docketed as CA-G.R. SP No. 124674.

The CA Ruling

In a Decision^[30] dated January 23, 2013, the CA granted respondents' petition and annulled the RTC's dismissal of Civil Case No. 09-122374. It further directed that the testimony of Ester Go-Uy be reinstated into the records and a full-blown trial of the case be conducted.

It held that the failure of respondents' counsel to attend the court hearings scheduled on March 1 and 22, 2012, as well as to notify his clients of said hearing dates to enable them to travel all the way from Aurora, Isabela to Manila in order to attend the same, should not bind respondents because they appear to have legitimate grievances in the action for annulment of title filed with the RTC. To this end, the CA set aside the rules of technicalities and ruled that the ends of justice will be better served through the conduct of a full blown trial in the main case to resolve the conflicting claims of the parties over the subject property.^[31]

Dissatisfied, petitioner filed a motion for reconsideration, which the CA denied in a Resolution^[32] dated September 27, 2013, hence, this petition.

The Issue Before The Court

The issue for the Court's resolution is whether or not the CA erred in reinstating Civil Case No. 09-122374 on considerations of equity, notwithstanding the rule on failure to prosecute a case diligently under Section 3, Rule 17 of the Rules of Court.

The Court's Ruling

The petition lacks merit.

Petitioner failed to show that the CA committed reversible error in setting aside the dismissal of Civil Case No. 09-122374 and directing the RTC to conduct a full-blown trial of the case.

Section 3, Rule 17 of the Rules of Court provides that "[i]f plaintiff fails to appear at the time of the trial, or to prosecute his action for an unreasonable length of time, or to comply with these rules or any order of the court, the action may be dismissed upon motion of the defendant or upon the court's own motion. This dismissal shall have the effect of an adjudication upon the merits, unless otherwise provided by the court." However, the application of the foregoing rule is not, to the Court's mind, warranted in this case since, as correctly found by the CA, respondents' counsel acted negligently in failing to attend the scheduled hearing dates and even notify respondents of the same so as to enable them to travel all the way from Aurora, Isabela to Manila and attend said hearings. ***Verily, relief is accorded to the client who suffered by reason of the lawyer's palpable mistake or negligence and where the interest of justice so requires.***^[33] Concurring with the CA, the Court finds that respondents would be deprived of the opportunity to prove the legitimacy