

THIRD DIVISION

[G.R. No. 186063, January 15, 2014]

PHILIPPINE NATIONAL BANK, PETITIONER, VS. SAN MIGUEL CORPORATION, RESPONDENT.

DECISION

PERALTA, J.:

This treats of the petition for review on *certiorari* of the Decision^[1] and Resolution^[2] of the Court of Appeals (CA), dated June 17, 2008 and December 15, 2008, respectively, in CA-G.R. SP No. 01249-MIN.

The facts, as summarized by the CA, are as follows:

On July 1, 1996, respondent San Miguel Corporation (SMC, for brevity) entered into an Exclusive Dealership Agreement with a certain Rodolfo R. Goroza (Goroza, hereafter), wherein the latter was given by SMC the right to trade, deal, market or otherwise sell its various beer products.

Goroza applied for a credit line with SMC, but one of the requirements for the credit line was a letter of credit. Thus, Goroza applied [for] and was granted a letter of credit by the PNB in the amount of two million pesos (P2,000,000.00). Under the credit agreement, the PNB has the obligation to release the proceeds of Goroza's credit line to SMC upon presentation of the invoices and official receipts of Goroza's purchases of SMC beer products to the PNB, Butuan Branch.

On August 1, 1996, Goroza availed of his credit line with PNB and started selling SMC's beer products x x x.

On February 11, 1997, Goroza applied for an additional credit line with the PNB. The latter granted Goroza a one (1) year revolving credit line in the amount not exceeding two million four hundred [thousand] pesos (P2,400,000.00). Thus, Goroza's total [credit line] reached four million four hundred thousand pesos (P4,400,000.00) x x x. Initially, Goroza was able to pay his credit purchases with SMC x x x. Sometime in January 1998, however, Goroza started to become delinquent with his accounts.

Demands to pay the amount of three million seven hundred twenty-two thousand four hundred forty pesos and 88/100 (P3,722,440.88) were made by SMC against Goroza and PNB, but neither of them paid. Thus, on April 23, 2003, SMC filed a Complaint for collection of sum of money against PNB and Goroza with the respondent Regional Trial Court Branch 3, Butuan City.^[3]

After summons, herein petitioner filed its Answer,^[4] while Goroza did not. Upon respondent's Motion to Declare Defendant in Default,^[5] Goroza was declared in default.

Trial ensued insofar as Goroza was concerned and respondent presented its evidence *ex parte* against the former. Respondent made a formal offer of its exhibits on April 6, 2004 and the trial court admitted them on June 16, 2004.

Thereafter, on January 21, 2005, pre-trial between PNB and SMC was held.^[6]

On May 10, 2005, the RTC rendered a Decision,^[7] disposing as follows:

WHEREFORE, the Court hereby renders judgment in favor of plaintiff [SMC] ordering defendant Rodolfo Goroza to pay plaintiff the following:

1. The principal amount of P3,722,440.00;
2. The interest of 12% per annum on the principal amount reckoned from January 27, 1998 up to the time of execution of the Judgment of this case;
3. Attorney's fees of P30,000.00;
4. Litigation expenses of P20,000.00.

SO ORDERED.^[8]

Goroza filed a Notice of Appeal,^[9] while SMC filed a Motion for Reconsideration.^[10]

On July 14, 2005, the RTC granted SMC's motion for reconsideration. The trial court amended its Decision by increasing the award of litigation expenses to P90,652.50.^[11]

Thereafter, on July 25, 2005, the RTC issued an Order,^[12] pertinent portions of which read as follows:

x x x x

Finding the Notice of Appeal filed within the reglementary period and the corresponding appeal fee paid, x x x. The same is hereby given due course.

Considering that the case as against defendant PNB is still on-going, let the Record in this case insofar as defendant Rodolfo R. Goroza is concerned, be reproduced at the expense of defendant-appellant so that the same can be forwarded to the Court of Appeals, together with the exhibits and transcript of stenographic notes in the required number of copies.

SO ORDERED.^[13]

In the meantime, trial continued with respect to PNB.

On September 27, 2005, PNB filed an Urgent Motion to Terminate Proceedings^[14] on the ground that a decision was already rendered on May 10, 2005 finding Goroza solely liable.

The RTC denied PNB's motion in its Resolution^[15] dated October 11, 2005.

On October 14, 2005, the RTC issued a Supplemental Judgment,^[16] thus:

The Court omitted by inadvertence to insert in its decision dated May 10, 2005 the phrase "without prejudice to the decision that will be made against the other co-defendant, PNB, which was not declared in default."

WHEREFORE, the phrase "without prejudice to the decision made against the other defendant PNB which was not declared in default" shall be inserted in the dispositive portion of said decision.

SO ORDERED.^[17]

On even date, the RTC also issued an Amended Order,^[18] to wit:

The Court's Order dated July 25, 2005 is hereby amended to include the phrase "this appeal applies only to defendant Rolando Goroza and without prejudice to the continuance of the hearing on the other defendant Philippine National Bank".

SO ORDERED.^[19]

PNB then filed a Motion for Reconsideration^[20] of the above-quoted Supplemental Judgment and Amended Order, but the RTC denied the said motion via its Resolution^[21] dated July 6, 2006.

Aggrieved, PNB filed a special civil action for *certiorari* with the CA imputing grave abuse of discretion on the part of the RTC for having issued its July 6, 2006 Resolution.^[22]

On June 17, 2008, the CA rendered its questioned Decision denying the petition and affirming the assailed Resolution of the RTC.

PNB filed a Motion for Reconsideration,^[23] but the CA denied it in its assailed Resolution.

Hence, the instant petition with the following Assignment of Errors:

THE COURT OF APPEALS ERRED IN HOLDING THAT THE TRIAL COURT WAS CORRECT IN RENDERING A SUPPLEMENTAL JUDGMENT AND AMENDED ORDER AGAINST THE BANK DESPITE THE PERFECTION OF APPEAL OF ONE OF THE DEFENDANTS.

THE COURT OF APPEALS ERRED IN HOLDING THAT PROCEEDINGS MAY CONTINUE AGAINST PNB DESPITE THE COMPLETE ADJUDICATION OF RELIEF IN FAVOR OF SMC.^[24]

PNB contends that the CA erred in holding that the RTC was correct in rendering its Supplemental Judgment and Amended Order despite the perfection of Goroza's appeal. PNB claims that when Goroza's appeal was perfected, the RTC lost jurisdiction over the entire case making the assailed Supplemental Judgment and Amended Order void for having been issued without or in excess of jurisdiction.

PNB also argues that the CA erred in ruling that proceedings against it may continue in the RTC, despite the trial court's complete adjudication of relief in favor of SMC. PNB avers that the May 10, 2005 Decision of the RTC, finding Goroza solely liable to pay the entire amount sought to be recovered by SMC, has settled the obligation of both Goroza and PNB, and that there is no longer any ground to hold PNB for trial and make a separate judgment against it; otherwise, SMC will recover twice for the same cause of action.

The petition lacks merit.

It is clear from the proceedings held before and the orders issued by the RTC that the intention of the trial court is to conduct separate proceedings to determine the respective liabilities of Goroza and PNB, and thereafter, to render several and separate judgments for or against them. While ideally, it would have been more prudent for the trial court to render a single decision with respect to Goroza and PNB, the procedure adopted by the RTC is, nonetheless, allowed under Section 4, Rule 36 of the Rules of Court, which provides that "[i]n an action against several defendants, the court may, when a several judgment is proper, render judgment against one or more of them, leaving the action to proceed against the others." In addition, Section 5 of the same Rule states that "[w]hen more than one claim for relief is presented in an action, the court at any stage, upon a determination of the issues material to a particular claim and all counterclaims arising out of the transaction or occurrence which is the subject matter of the claim may render a separate judgment disposing of such claim." Further, the same provision provides that "[t]he judgment shall terminate the action with respect to the claim so disposed of and the action shall proceed as to the remaining claims." Thus, the appeal of Goroza, assailing the judgment of the RTC finding him liable, will not prevent the continuation of the ongoing trial between SMC and PNB. The RTC retains jurisdiction insofar as PNB is concerned, because the appeal made by Goroza was only with respect to his own liability. In fact, PNB itself, in its Reply to respondent's Comment, admitted that the May 10, 2005 judgment of the RTC was "decided solely against defendant Rodolfo Goroza."^[25]

The propriety of a several judgment is borne by the fact that SMC's cause of action against PNB stems from the latter's alleged liability under the letters of credit which it issued. On the other hand, SMC's cause of action against Goroza is the latter's